Transport Canada

2006-2007

Departmental Performance Report

Lawrence Cannon

The Honourable Lawrence Cannon, P.C., M.P.
Minister of Transport, Infrastructure and Communities

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SECTION I – OVERVIEW

1.1 Minister's Message

As Canada's Minister of Transport, Infrastructure and Communities, I am pleased to submit Transport Canada's *Departmental Performance Report* for the period ending March 31, 2007.

The Transport, Infrastructure and Communities Portfolio, including Transport Canada, helps to ensure transportation safety and security, and contributes to our economic growth and environmental sustainability.

This was a busy and dynamic year that saw the Government of Canada deliver two budgets that committed a historic $33 billion in infrastructure funding over the next seven years towards the new "Building Canada" infrastructure plan. This long-term, unprecedented level of infrastructure funding recognizes that to remain competitive in today's global economy we must create world-class infrastructure to ensure the seamless flow of people, goods and services across our roads and bridges, through our ports and gateways. The "Building Canada" plan will also support the environment through investments in public transit, green energy, water and wastewater treatment, and brownfield remediation.

Throughout the past year, significant accomplishments and progress have been made by the department to meet the commitments set out in its *2006-07 Report on Plans and Priorities*. For instance, in October 2006 the Prime Minister announced the launch of the Asia-Pacific Gateway and Corridor Initiative, a set of policy and funding measures totalling some $1 billion that highlights the benefits of applying an integrated approach to transportation policy building. *Blue Sky*, the new international air policy announced in November 2006, is another key initiative that will enhance Canada's economic prosperity and competitiveness.

One of the federal government's top priorities during the fiscal year continued to be the environment. With the announcement of the ecoTransport Strategy, comprised of over $100 million in funding towards new initiatives in clean transportation, the government is taking serious steps to tackle the emissions and other environmental impacts from the transportation sector.

Transport Canada continues to work with public and private partners to modernize and harmonize regulatory frameworks under the Government of Canada's Smart Regulation Initiative to promote a transportation system that is safe and secure. On the security front, progress was made on a number of initiatives. Chief among them is the Transportation Security Action Plan, completed after two years of extensive research and analysis. The plan guides the department's current actions and future planning in the area of transportation security.

As we look to the future and the challenges that lie ahead, Transport Canada is committed to sustaining its efforts as part of the Transport, Infrastructure and Communities Portfolio and to contributing to a transportation system that maintains our prosperity, our security, our safety, our environment and our quality of life.

Lawrence Cannon

The Honourable Lawrence Cannon, P.C., M.P.
Minister of Transport, Infrastructure and Communities

1.2 Management Representation Statement

I submit for tabling in Parliament, the 2006-2007 Departmental Performance Report (DPR) for Transport Canada.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board of Canada Secretariat guidance;
- It is based on the department's approved Strategic Outcomes and Program Activity Architecture structure that were approved by Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved by the department with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

L. Ranger

Name: Louis Ranger
Title: Deputy Minister of Transport, Infrastructure and Communities

1.3 Summary Information

1.3.1 Raison d'être

Transport Canada is responsible for the transportation policies and programs set by the Government of Canada. The department works to ensure that all parts of the transportation system work effectively and in an integrated manner.

Our Vision . . .

A transportation system in Canada that is recognized worldwide as safe and secure, efficient and environmentally responsible

Our vision of a sustainable transportation system — one that integrates and finds the right balance among social, economic and environmental objectives — is guided by the following principles:

- Highest practicable safety and security of life and property — guided by performance-based standards and regulations when necessary;
- Efficient movement of people and goods to support economic prosperity and a sustainable quality of life — based on competitive markets and targeted use of regulation and government funding; and
- Respect for the environmental legacy of future generations of Canadians — guided by environmental assessment and planning processes in transportation decisions and selective use of regulation and government funding.

Our Mission . . .

To serve the public interest through the promotion of a safe and secure, efficient and environmentally responsible transportation system in Canada

To succeed in its mission, Transport Canada is committed to being a world-leading organization that:

- Develops and implements effective policies, programs, and legislative and regulatory frameworks;
- Works in partnership with other governments, industry and stakeholders;
- Is recognized as a progressive, effective and accountable organization; and
- Sustains a healthy and productive work environment that values professional excellence, teamwork, open communication, diversity, continuous learning and mutual respect.

Legislative Mandate

In Canada, all three levels of government have some responsibility for the country's transportation system. In support of its *Vision* and *Mission*, Transport Canada delivers its programs and services under numerous legislative and constitutional authorities.

A full listing of the legislation administered by Transport Canada can be found at http://www.tc.gc.ca/acts-regulations/listofacts/menu.htm.

Some of the Legislation governing Transport Canada:

- *Department of Transport Act*
- *Canada Transportation Act*
- *Aeronautics Act*
- *Canada Marine Act*
- *Canada Shipping Act*
- *Navigable Waters Protection Act*
- *Railway Safety Act*
- *Transportation of Dangerous Goods Act,* 1992
- *Motor Vehicle Safety Act*
- *Canadian Air Transport Security Authority Act*
- *Marine Transportation Security Act*

1.3.2 Planning for Results

STRATEGIC OUTCOMES

Transport Canada is committed to delivering results to Canadians.

- A ***safe and secure*** transportation system that contributes to Canada's social development and security objectives;
- An ***efficient*** transportation system that contributes to Canada's economic growth and trade objectives; and
- An ***environmentally responsible*** transportation system that contributes to Canada's sustainable development objectives.

MANAGEMENT PRIORITIES

Transport Canada's management priorities have been developed in the context of two key considerations: the completion of commitments made in the previous Report on Plans and Priorities, and internal and external assessments using the Management Accountability Framework elements for the identification of opportunities to improve management practices within the department.

Management priorities for 2006-07 have built on the achievements of 2005-06 and continued to strengthen management capacity in the areas of **people, including values and ethics, stewardship and accountability.** Highlights of performance achieved include:

Management Priorities	Performance Achieved (or progress made)
People - Institutionalize the *Public Service Modernization Act* (PSMA), Human Resources (HR) plans contributing to strategic staffing strategies and integrated values and ethics	• A Departmental suite of HR polices was developed to correspond with flexibilities and requirements of the *Public Service Employment Act* (PSEA). • A new service delivery and performance measurement model establishing a clearer distinction between service delivery, corporate functional responsibilities, HR planning/performance measurement and values & ethics was developed. • Existing Transport Canada delegated managers completed their authority delegation validation. • Courses related to PSMA and conflict management were designed and offered. • A Values and Ethics governance structure and framework tailored to Transport Canada was developed through a broad consultative process.
Stewardship - Efficiency and effectiveness of programs and associated expenditures	• Transport Canada completed the first phase of a two-phase comprehensive review exercise which is part of the Department's ongoing assessment of the effectiveness and efficiency of its programs and associated expenditures. Once completed, these reviews will serve to provide senior executives with the information required to ensure that funds are allocated to the highest priorities and that Transport Canada is making the best possible investments in the areas that matter most to Canadians.
Accountability - Strengthen accountability in the governance of Crown Corporations	• Significant progress was made with the implementation of best practices including: o orientation sessions for new appointees especially Chairs; o developing and implementing recruitment strategies for Boards facing leadership, governance and board capacity issues; and o improving the capacity of Boards to provide advice to the Minister and to Crown corporations in terms of the Performance Management Program for Chief Executive Officers. • Letters of expectation issued to new Crown Corporations Chairs. • Preliminary work regarding a review and adoption of codes of conduct of Crown corporations was initiated to ensure that the codes of conduct adequately reference stewardship accountabilities.

PROGRAM PRIORITIES

Transport Canada's vision of a sustainable transportation system — one that integrates and seeks the correct balance among social, economic and environmental objectives — is based on three strategic outcomes: An efficient transportation system that contributes to Canada's economic growth and trade objectives; a safe and secure transportation system that contributes to Canada's social development and security objectives; and an environmentally responsible transportation system that contributes to Canada's sustainable development objectives. These strategic outcomes are articulated in the nine program priorities below:

1. New security policies and programs
2. Infrastructure, gateways and trade corridors
3. Market-Based policy framework
4. Smart regulation
5. Safety and security management systems
6. Climate change and clean air
7. Environmental protection and remediation
8. Innovation
9. Environmental assessments

1.3.3 Summary Tables

The following tables present the resources needed in 2006-07 to deliver Transport Canada's programs and services that benefit Canadians:

Total Financial Resources ($ thousands)

Planned Spending	Total Authorities	Actual Spending
$1,616,629	$1,557,956	$1,426,183

Total Human Resources (Full time equivalents/FTEs)

Planned	Actual	Difference
4,900	4,854	46

Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved

Government of Canada outcomes [1]	Strategic Outcomes			Program priorities	Program activities	RPP 2006-07 Areas of focus	Expected results	Results achieved in 2006-07 (or progress made)	Performance status	Explanation if expected result is not met / Corrective actions that will be taken
	Safe and Secure	Efficient	Environ. Resp.							
1	√			New security policies and programs Type: ongoing	Policies, rulemaking, monitoring and outreach in support of a safe and secure transportation system	The National Security Policy	Greater awareness, understanding, cooperation of and compliance with transportation security systems and Increased stakeholder ability to meet transportation security and emergency preparedness requirements systems	Air Cargo Security Program: A project office was established to lead the development of an Air Cargo Security Program in Canada that is harmonized with international standards and utilizes industry best practices. Outreach continues to increase industry stakeholder awareness and to encourage their participation in the Air Cargo Security Initiative, which will lead to recommendations for an enhanced air cargo security program. Early program design was completed in consultation with both national and international partners, including the Canada Border Services Agency, CATSA, Canadian industry, the United States (U.S.) and the United Kingdom (U.K.).	Successfully met goals for this year; initiative ongoing.	
								Continued to develop a methodology and strategy to assess the need, type and extent of the Transportation Security Clearance Program across all transportation sectors.	Successfully met goals for this year; initiative ongoing.	

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	Safe and Secure	Efficient	Environ. Resp.							
								Worked with international partners to further develop security measures: • Continued to co-chair the Canada-U.S. Transportation Security Cooperation Group; • Continued to work with U.S. and Mexico in the North American Aviation Trilateral; • Worked with U.S. and U.K. following the terror arrests in August 2006 to develop similar bans on liquids, gels and aerosols; • Provided contribution to International Civil Aviation Organization (ICAO) Security Awareness Training Program.	Successfully met goals for this year; initiative ongoing.	
						Transportation security action plan	Increased stakeholder ability to meet transportation security and emergency preparedness requirements systems	The Transportation Security Action Plan was completed in December 2006 based on extensive consultations with stakeholders.	Successfully met.	

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						Passenger rail and public transit systems security	Increased stakeholder ability to meet transportation security and emergency preparedness requirements systems	Started the development of a national policy framework for rail and urban transit security in partnership with other federal departments and levels of government, rail and transit operators and industry associations.	Ongoing.	
								Reviewed and updated the Memorandum of Understanding (MOU) with the Railway Association of Canada on rail security, based on international best practices.	Ongoing.	
								Launched Transit-Secure Contribution Program to implement immediate initial security measures.	Ongoing.	
						The Security and Prosperity Partnership (SPP)	Increased stakeholder ability to meet transportation security and emergency preparedness requirements systems	Transport Canada continued to work with its partners in the U.S. and Mexico to develop policies and programs to address the transportation security aspects of the SPP.	Successfully met goals for this year; initiative ongoing.	

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1 and 2	√	√		Smart regulation Type: ongoing	Policies, rulemaking, monitoring and outreach in support of a safe and secure transportation system and	Automotive telematics	Increased flexibility and innovation opportunities for industry	Continuing negotiations with the automotive industry; awaiting updated automotive industry design principles.	Ongoing.	
					Policies, programs and infrastructure in support of a market-based framework	Aviation safety management systems (SMS)	Regulations reflecting the needs and concerns of industry and the public	Pursued the drafting of SMS Regulations with the Department of Justice in order to extend the application of SMS to holders of Airport Certificates and Air Traffic Services Operations Certificates.	Ongoing.	
						Regulatory harmonization initiatives	Enhanced international standards and regulations when transporting dangerous goods, enhancing safety without hindering trade	Review of the *Transportation of Dangerous Goods Act, 1992:* Prepared draft Memorandum to Cabinet (MC) and pre-drafted a Bill with Justice.	Ongoing.	
								Improvements and enhancements to the United Nations (UN) Model Regulations: Led the United Nations Sub-committee of Experts on the Transport of Dangerous	Successfully met.	

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								Goods in reviewing testing requirements for Intermediate Bulk Containers that resulted in the adoption of revisions to the UN Model Regulations, December 2006.		
								Reforms to the *Canada Shipping Act*: conducted extensive consultations in Spring and Fall 2006 as well as several outreach sessions. Developed and delivered cross-Canada orientation sessions for Marine Safety inspectors on the new CSA 2001 regime which came into force on July 1, 2007.	Successfully met.	
								Aeronautics Act: Bill C-6, dealing with the proposed amendments to the *Aeronautics Act*, was first introduced in the House of Commons on April 27, 2006 and proceeded to Second Reading on May 5, 2006. The majority of the legislative activities occurred in 2006-07 and are ongoing.*	Ongoing.	

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* Note: Although Cabinet approval was obtained in March 2006, the majority of the legislative activities were only prioritized during fiscal year 2006/07 therefore were not included in the 2006/07 RPP.

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1 and 2	√	√		Safety and security management systems Type: ongoing	Policies, rulemaking, monitoring and outreach in support of a safe and secure transportation system and Policies, programs and infrastructure in support of a market-based framework	Implementing safety and security management systems (SMS and SeMS) in aviation, rail and marine organizations	Improved commitment by industry to adopt SMS/SeMS	Safety Management Systems (SMS)		
								Aviation: On July 7, 2007, amendments to the Canadian Aviation Regulations were pre-published in the *Canada Gazette*, Part I which will apply to the airport operators and providers of air traffic services once the regulations come into force. Two regional SMS information sessions were delivered with industry, such as Airports, Air Navigation Services providers, Air Operators (705), and Aircraft Maintenance Organizations.	Successfully met the results for this year; initiative ongoing.	
								Rail: Conducted rail safety audits regarding the implementation of SMS in the rail industry.	Ongoing.	
								Marine: • 82 Canadian vessels have obtained the required statutory certification issued by classification societies on behalf of Transport Canada. • Transport Canada monitored	Ongoing.	

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	Safe and Secure	Efficient	Environ. Resp.							
								eight audits carried out by these authorized organizations and also reviewed 12 related audit reports in 2006. • Marine Safety is reviewing the feasibility of implementing a SMS for operators of Canadian domestic vessels.		
								Security Management Systems (SeMS): Developed multi-modal SeMS conceptual framework	Successfully met the results for this year; initiative ongoing.	
							Enhanced awareness and safety culture in industry	Aviation: SMS oversight framework and guidance material for the phased-in implementation was developed and published.	Ongoing.	
2		√		Market-based policy framework Type: ongoing	Policies, programs and infrastructure in support of a market-based framework	Amendments to the *Canada Transportation Act*	Legislative framework that supports free market forces with government intervention targeted to situations where market forces are insufficient	Bill C-11 was tabled on May 4, 2006. It contained amendments related to the Canadian Transportation Agency, mergers and acquisitions of transportation companies, air travel, rail passenger services, railway noise and the revenue cap on rail movements of grain.	Received Royal Assent July 5, 2007.	

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								Preparations and consultations completed for a Bill to amend the freight provisions of the *Canada Transportation Act.*	On track to be tabled in fiscal 2007-08.	
						Marine Liability Act	Legislative framework that supports free market forces with government intervention targeted to situations where market forces are insufficient	Consultations with stakeholders have concluded and the preparation of cabinet documentation is underway. Related regulations to passenger liability have been put on hold.	Ongoing.	Due to industry concerns, the regulations will be held in abeyance pending the amendment of the *Marine Liability Act.*
						Negotiations of operating and refurbishment agreements for the federal fleet of hopper cars with railways	A competitive and viable Canadian transportation sector	On May 4, 2006, Canada's new government announced it would retain the hopper cars in order to maximize benefits for farmers and taxpayers. Negotiations with Canadian Pacific Railway (CPR) and Canadian National Railway (CNR) for new operating agreements for the operation, maintenance and refurbishment of the hopper cars are on-going.	Lease agreement with CPR signed on July 1, 2007. Transport Canada is in final stages of negotiations with CNR.	

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						Liberalization of economic regulation of air industry	A competitive and viable Canadian transportation sector	Initiation of dialogue with European Commission regarding the Canada European Union comprehensive air services agreement.	Exceeded expectations.	
								Adoption of a new international air policy (Blue Sky) that aims at achieving greater liberalization of bilateral air transport agreements.	Ongoing. Negotiations are planned.	
						Negotiations of bilateral air transport agreements or arrangements	A competitive and viable Canadian transportation sector	Canada successfully negotiated a number of new expanded bilateral air transportation agreements, including: U.K. (April 2006), Portugal (June 2006), Algeria (July 2006), Croatia (December 2006), Serbia (December 2006), Japan (2007).	Ongoing. Negotiations are planned.	
						New *Canada Airports Act*	Legislative framework that supports free market forces with government intervention targeted to situations where market forces are insufficient	Bill C-20 tabled June 2006. Following its tabling, additional consultations were undertaken to address outstanding issues or concerns that became apparent once the text of the Bill was available to the public.	Ongoing.	Following its tabling, additional consultations were undertaken to address outstanding issues or concerns that became apparent once the text of the Bill was

Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved

Government of Canada outcomes [1]	Strategic Outcomes			Program priorities	Program activities	RPP 2006-07 Areas of focus	Expected results	Results achieved in 2006-07 (or progress made)	Performance status	Explanation if expected result is not met / Corrective actions that will be taken
	Safe and Secure	Efficient	Environ. Resp.							
										available to the public.
						Air Canada Public Participation Act	Legislative framework that supports free market forces with government intervention targeted to situations where market forces are insufficient	Bill C-29 tabled in October 2006.	Ongoing.	
						Aviation War Risk Liability Program	A competitive and viable Canadian transportation sector	Program extended to December 31, 2007.	Successfully met.	
1, 2 and 3	√	√	√	Infrastructure, gateways and trade corridors Type: ongoing	Policies, rulemaking, monitoring and outreach in support of a safe and secure transportation system and	Asia-Pacific Gateway and Corridor Initiative (APGCI)	Long-term sustainable funding and accountability framework for transportation infrastructure	Construction has started on a major new bridge structure in the British Columbia's (BC) Lower Mainland to assist with the movement of goods and services.	Ongoing.	
								Announced new transportation infrastructure projects to be funded under the APGCI, in BC Lower Mainland and in the Prairie Provinces.	Potential for additional announcements in the future.	

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	Safe and Secure	Efficient	Environ. Resp.							
					Policies, programs and infrastructure in support of a market-based framework and Policies and programs in support of sustainable development			Developed a horizontal performance framework for the APGCI, in collaboration with all participating departments.	Completed and to be reviewed.	
								Explored with the port authorities of Fraser River, North Fraser and Vancouver their amalgamation into one integrated port authority.	Ongoing.	
								Regulations were prepublished in the *Canada Gazette* adding generic amalgamation provisions. The three Canada Port Authorities (CPAs) recommend the amalgamation in their report of November 2006.	Round tables completed including signing of Canada-China memorandum of understanding (MOU) to cooperate on gateways and corridors.	
								Round tables were held in the three prairie provinces.	Product development is ongoing.	
								Strategic advisors to provide private sector perspective and recommendations to Minister.	Report completed.	

Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved

Government of Canada outcomes [1]	Strategic Outcomes: Safe and Secure	Strategic Outcomes: Efficient	Strategic Outcomes: Environ. Resp.	Program priorities	Program activities	RPP 2006-07 Areas of focus	Expected results	Results achieved in 2006-07 (or progress made)	Performance status	Explanation if expected result is not met / Corrective actions that will be taken
						Airport performance monitoring	Strengthened governance, transparency and accountability	System completed to monitor the financial viability of National Airport System (NAS) airport authorities. Established a balanced scorecard approach to airport monitoring. An interim five-year scorecard developed for 21 NAS airport authorities.	Ongoing.	
						Infrastructure funding programs	Increased investment in transportation infrastructure	Fifteen major infrastructure projects were completed under the Strategic Highway Infrastructure Program. Five major infrastructure projects were completed under the Canada Strategic Infrastructure Fund (CSIF). Two major infrastructure projects were completed under Border Infrastructure Fund (BIF). All projects improved the safety and efficiency of the surface transportation system.	Ongoing.	

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						Domestic and international bridges	Strengthened Canadian competitiveness in international markets	The *International Bridges and Tunnels Act* was tabled on April 24, 2006.	The *International Bridges and Tunnels Act* received Royal Assent February 1, 2007. Successfully met.	
								New operating agreement negotiated for operation of the Sault Ste. Marie International Bridge.	Successfully met.	
						International collaboration	Increased investment in transportation infrastructure	Several meetings and conference calls between Transport Canada and the Federal Highway Administration in Washington. Technical presentations made to international fora describing the *International Bridges and Tunnels Act.* Briefing regarding changes to the Presidential Permit process.	Successfully met.	
						Canada Marine Act (CMA) amendments	Strengthened governance, transparency and accountability	Additional consultations with key stakeholders were held in 2006-07 to further enhance revised amendments to CMA.	Ongoing.	

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	Safe and Secure	Efficient	Environ. Resp.							
								Amending Bill to be tabled in Parliament October 2007.		
						St. Lawrence Seaway infrastructure needs study	Strengthened Canadian competitiveness in international markets	Technical analyses completed related to the evaluation of infrastructure needs of the Great Lakes St. Lawrence Seaway system, including the engineering, economic, and environment implications of those needs as they pertain to navigation.	Ongoing. Working on the consolidation report expected to be publicly released in the Fall.	
						Ridley Terminals Inc.	Strengthened governance, transparency and accountability	Ridley Terminals Inc. (RTI) remained operational and was preserved as a going concern in 2006. RTI's Corporate Plan 2006-2010 received federal government approval.	Successfully met.	
						Marine Atlantic long-term strategy	Long-term sustainable funding and accountability framework for key marine transportation	Phase I of the long-term strategy to revitalize Marine Atlantic Inc. was announced on February 6, 2007. The strategy moves Marine Atlantic Inc. toward a more commercial orientation, increases and maintains its cost recovery level between 60-65 per cent through revenue and cost containment strategies; stabilizes its funding and advances the fleet	Successfully met.	

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	Safe and Secure	Efficient	Environ. Resp.							
								renewal plan. A new Board of Directors was appointed in Fall 2006. Marine Atlantic Inc. has introduced a new rate structure as of January 1, 2007 and a fuel surcharge as of July 1, 2007 to cover additional fuel expenses above those of 2006.		
1, 2 and 3	√	√	√	Innovation Type: ongoing	Policies, rulemaking, monitoring and outreach in support of a safe and secure transportation system and	Full cost initiative	Additional analytical tool	Estimates of the full costs of transportation in Canada for all modes were developed. A framework to support updates and further refinements is in place.	Successfully met.	
					Policies, programs and infrastructure in support of a market-based framework	Strategic research and development (R&D)	Increased investment in transportation related R&D, including Intelligent Transportations Systems (ITS)	Identification of four strategic R&D themes: gateways and corridors, northern transportation, accessibility and energy efficiency. The Transportation Development Centre and modal groups within the department were actively	Ongoing.	

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	Safe and Secure	Efficient	Environ. Resp.							
					and Policies and programs in support of sustainable development			involved in approximately 120 R&D projects. R&D included specific projects to improve the safety, security, efficiency and environmental responsibility of the transportation sector.		
						ITS plan for Canada	Use of R&D results to enhance safety, security, efficiency and environmental sustainability of the Canadian transportation system	31 ITS projects were completed, including the: • Installation of over 40 new environmental sensor stations • Upgrade of 36 existing stations • Implementation of remote vehicle inspection stations for commercial vehicles • Completion of a feasibility and design study for a multi-agency centralized transportation management centre.	Successfully met.	
						Innovation and skills development	Highly skilled labour force	Transport Canada continued to co-chair the federal-provincial/territorial Skills Task Force and to assist in the completion of the group's 2006-2007 Work Plan which included an expanded Compendium of	Ongoing.	

Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved

Government of Canada outcomes [1]	Strategic Outcomes			Program priorities	Program activities	RPP 2006-07 Areas of focus	Expected results	Results achieved in 2006-07 (or progress made)	Performance status	Explanation if expected result is not met / Corrective actions that will be taken
	Safe and Secure	Efficient	Environ. Resp.							
								Successful Skills Initiatives. Transport Canada continued to monitor the success of its investment in the Western Transportation Advisory Council (WESTAC) Careers in Transportation Website, and to promote this website among stakeholders. Transport Canada also provided funding for a transportation component in the Canada-wide Virtual Science Fair, resulting in the submission of 12 transportation related projects.	Successfully met.	
3			√	Climate change and clean air Type: ongoing	Policies and programs in support of sustainable development	Climate change agreement with automobile industry	Increased awareness of sustainable transportation choices and climate change impacts and Reduction of emissions in the transportation sector	Fuel consumption data collected from auto industry and forwarded to Natural Resources Canada (NRCan) for use in Fuel Consumption Guide. Vehicle fuel consumption data collected by Transport Canada from auto industry and forwarded to NRCan, along with Departmental expertise, for use in monitoring progress towards	Successfully met. Ongoing. Public annual reports on MOU were published.	

Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved

Government of Canada outcomes [1]	Strategic Outcomes			Program priorities	Program activities	RPP 2006-07 Areas of focus	Expected results	Results achieved in 2006-07 (or progress made)	Performance status	Explanation if expected result is not met / Corrective actions that will be taken
	Safe and Secure	Efficient	Environ. Resp.							
								achievement of Greenhouse Gas (GHG) reduction targets in agreement.		
						Advanced Technology Vehicles Program.	Increased ability for the public to make more sustainable transportation choices	The program held 20 public events in 2006-07 including Canadian international auto shows and lifestyle/environmental shows. Information relating to advanced vehicle technology was disseminated to inform the public of current and emerging advanced vehicle technologies that can reduce emissions in transportation.	The program exceeded the original goal of ten events. Program sunset on March 31, 2007.	
						Motor Vehicle Fuel Consumption Program	Reduction of emissions in the transportation sector	The program continued to: • support the publication of the Fuel Consumption Guide; • monitor and publish the average fuel consumption of the new Canadian fleet; • encourage the improvement of the fuel efficiency of the new vehicle fleet by setting annual company average fuel consumption (CAFC) goals for the motor vehicle industry and monitoring compliance; and	Completed.	13 of 24 vehicles purchased were tested for compliance. Contractual issues delayed mileage accumulation on test vehicles, and caused delays in testing. Corrective action was taken to hire the drivers to accumulate mileage on the test vehicles.

Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved

Government of Canada outcomes [1]	Strategic Outcomes			Program priorities	Program activities	RPP 2006-07 Areas of focus	Expected results	Results achieved in 2006-07 (or progress made)	Performance status	Explanation if expected result is not met / Corrective actions that will be taken
	Safe and Secure	Efficient	Environ. Resp.							
								• test a sample of vehicles to confirm compliance of fuel consumption rating.	Partially completed.	
						Urban Transportation Showcase Program	Reduction of emissions in the transportation sector	• Continued to implement/fund five showcase demonstrations of integrated projects to facilitate modal shifts to transit, cycling, walking, car-pools and other sustainable options; • Launched three new demonstration projects in Winnipeg, Gatineau and Quebec City; • Supported 14 learning events with over 1,000 attendees; • Developed information products, including 12 new case studies, to disseminate best practices in sustainable transportation; and • Supported two awards programs to recognize best practices in sustainable transportation.	Ongoing. Preliminary reporting from Showcase proponents in 2006-07 shows that the projects are attracting residents to sustainable transportation options.	

Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved

Government of Canada outcomes [1]	Strategic Outcomes			Program priorities	Program activities	RPP 2006-07 Areas of focus	Expected results	Results achieved in 2006-07 (or progress made)	Performance status	Explanation if expected result is not met / Corrective actions that will be taken
	Safe and Secure	Efficient	Environ. Resp.							
							Increased awareness of sustainable transportation choices and climate change impacts	Began consultations in Canada for input into the Arctic Marine Shipping Assessment.	Ongoing.	
2 and 3		√	√	Environmental assessment Type: ongoing	Policies, programs and infrastructure in support of a market-based framework and Policies and programs in support of sustainable development	Environmental assessments for projects requiring approval under the *Navigable Waters Protection Act*	Environmental protection from the impacts of transportation projects	1058 Environmental Assessments (EAs) were underway or completed in 2006, 882 (or 83 per cent) of which were triggered by the *Navigable Waters Protection Act*. An Efficiency Review of the EA program was undertaken in 2006 in order to report on efficiency measures implemented in the EA program and to clarify resource requirements of the program, taking into account these measures.	Ongoing.	
3			√	Environmental protection and remediation Type: ongoing	Policies and programs in support of sustainable development	Feasibility of discounted annual transit pass employer programs in Canada	Increased ability for the public to make more sustainable transportation choices	An evaluation of the National Capital Region's Transit Pass Program was completed. The report recommends expansion of the payroll-deducted transit program to other areas of the country.	Completed.	

Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved

Government of Canada outcomes [1]	Strategic Outcomes			Program priorities	Program activities	RPP 2006-07 Areas of focus	Expected results	Results achieved in 2006-07 (or progress made)	Performance status	Explanation if expected result is not met / Corrective actions that will be taken
	Safe and Secure	Efficient	Environ. Resp.							
						Contaminated sites management	Suspected contaminated sites are identified and high-risk sites are remediated /risk managed	Under the Federal Contaminated Sites Action Plan program, Transport Canada received funding for 11 assessment and 11 remediation projects during 2006-07. The majority of the remediation projects are multi-year projects and will receive funding in future years.	Ongoing.	

Please note that Section II includes narratives that are not in the table "Summary of Performance in Relationship to Departmental Strategic Outcomes, Priorities and Results Achieved" above, as they were not identified in the Report on Plans and Priorities 2006-07 but are considered worthy of mention in the Departmental Performance Report 2006-07.

Note 1: The number in the "Government of Canada Outcomes" column refers to the three outcomes below.

Transport Canada's three strategic outcomes and program priorities support the following Government of Canada outcomes as they will be presented in the next Canada's Performance report:

1. Safe and secure communities
2. A fair and secure marketplace
3. Strong economic growth

1.4 Overall Departmental Performance

As listed in the Summary of Performance table above, most of the 2006-07 activities committed to in the *Report on Plans and Priorities 2006-07* progressed during the year.

The Summary of Performance table in section 1.3.3 shows how the department's three strategic outcomes and program priorities support eight of the 13 Government of Canada outcomes as they were presented in *Canada's Performance 2006*:

- Safe and secure communities
- A fair and secure marketplace
- Strong economic growth
- An innovative and knowledge-based economy
- A clean and healthy environment
- A safe and secure world through international cooperation
- A strong and mutually beneficial North American partnership
- A prosperous Canada through global commerce

The creation of the Transport, Infrastructure and Communities portfolio in February 2006, coupled with the change in government that preceded it, set the stage for a dynamic year with many challenges and opportunities for Transport Canada. The department was able to successfully deliver on most of the commitments outlined in its *2006-2007 Report on Plans and Priorities*, which illustrates that Transport Canada is a well organized department capable of achieving its mandate.

Under Transport Canada's first strategic outcome, "An efficient transportation system that contributes to Canada's economic growth and trade objectives", the department has been successful on several fronts. It has:

- Adopted a new international air policy (Blue Sky) that will liberalize bilateral air transport agreements,
- Launched the Asia-Pacific Gateway and Corridor Initiative to ensure that Canada benefits from the changing global economy, and
- Received Royal Assent of *The International Bridges and Tunnels Act* on February 1, 2007, improving governance and accountability of key transportation infrastructure.

Transport Canada also participates in international trade negotiations in support of the Government of Canada's Global Commerce Strategy, and the Security and Prosperity Partnership (SPP) to achieve key departmental objectives within the context of North American growth, competitiveness, and quality of life.

Also, in Spring 2007, *Moving Forward – Changing the safety and security culture - A strategic direction for safety and security management*, was launched. It outlines the direction Transport Canada must take to make progress on changing the safety and security culture. *Moving Forward* will guide us as we apply safety and security management in our day-to-day transportation activities and will play a part in the second strategic outcome, "A safe and secure transportation system that contributes to Canada's social development and security objectives".

Transport Canada's third strategic outcome, "An environmentally responsible transportation system that contributes to Canada's sustainable development objectives", was significantly advanced through several initiatives, chief among them being the ecoTRANSPORT Strategy announced in February 2007, which will provide over $100 million in funding towards new initiatives in clean transportation.

Aligning the outcomes of Transport Canada with those of the Government of Canada ensures that transportation decisions contribute to the success of the broader government agenda. And, in partnership with other departments, organizations and industry, the programs and services offered by Transport Canada continue to support safety and security, a strong economy and the protection of the environment objectives.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1 Strategic Outcome: An efficient transportation system that contributes to Canada's economic growth and trade objectives

Resource allocation to this strategic outcome for 2006-07 ($ thousands):

Planned Spending	Total Authorities	Actual Spending
$439,234	$466,454	$429,185

Note: The spending by Strategic Outcome includes a reallocation of departmental administration.

As displayed in the Estimates, the program activities under this strategic outcome include "Policies, programs and infrastructure in support of a market-based framework" and four Crown corporations: Jacques Cartier and Champlain Bridges Inc., the Federal Bridge Corporation, Marine Atlantic Inc. and VIA Rail Canada Inc. This report provides information on the first program activity only. As per section 122 of the *FAA*, the Crown corporations must submit annual corporate plans to the Minister of Transport, Infrastructure and Communities and are not subject to reporting through this document.

This program activity encompasses the development of transportation policies, legislation, programs and infrastructure support in such a manner that competition and market forces guide the growth and development of the national transportation system. A strong and healthy marketplace encourages existing competitors and new entrants to innovate and provide new services to meet the transportation needs of Canadians. Contributing activities include monitoring and analysis of the Canadian transportation system; annual reporting on the health of the system; economic studies; and the development of new policies. Transport Canada also administers airport, port, highway and bridge subsidy programs and performs landlord and monitoring functions for ports, airports and air navigation system sites. Under the infrastructure element of this program activity, Transport Canada negotiates the divestiture of ports, airports and Seaway lands to local interests, and operates airports and ports until their transfer, as well as federally-owned remote airports and remote ports.

Transport Canada's *2006-2007 Report on Plans and Priorities* outlined a number of important areas for the department to focus its efforts in contributing to an efficient transportation system. The following section provides highlights of Transport Canada's progress in these areas by program priority.

Indicators of progress

- *Increased productivity of the transportation system*
- *Price and service levels*
- *Financial viability of the different components of the system*
- *Reduction of cost to taxpayer*
- *Benefits to industry and consumers from improved harmonization*

Results Achieved against the Indicators of progress

Productivity in the transportation sector is being monitored and reported on in the Annual Report by way of productivity indicators. Transport Canada develops a total productivity factor indicator for each mode taking into consideration factors such as labour, fuel and capital expenditures. Total factor productivity indicators are derived using data either collected by Transport Canada or provided by Statistics Canada or other reliable sources.

The latest data shows that in 2005, total factor productivity increased by 2.6 per cent in the rail freight industry (Class I) and by 7.9 per cent in the air industry. Total factor productivity was up by 2.1 per cent for VIA Rail but down by 4.3 per cent for public transit. Productivity estimates for the trucking and the marine sectors could not be developed due to data issues.

In its “Transportation in Canada 2006” Annual Report, Transport Canada notes that rail freight prices increased by 9.8 per cent in 2005 compared to 2004, due largely to the inclusion of fuel surcharges. For the same period, in other sectors, price increases were more moderate: prices increased by 3.6 per cent for air, by 1.7 per cent at VIA Rail and, by 3.5 per cent for public transit. Despite the price increases, output (generally measured in terms of passenger-kilometres or tonne-kilometre) also increased in 2005. Output increased by 4.8 per cent in the rail freight industry, 8.2 per cent in the air industry, 4.1 per cent for VIA Rail and 3.6 per cent for public transit.

The financial performance of selected carriers or groups of carriers is also being monitored by Transport Canada who derives an Operating Ratio or a Cost recovery ratio (in the case of publicly-assisted carriers such as VIA Rail and transit authorities) for those transportation undertakings it monitors. This information is available from the statistical Addendum to the Annual Report.

Program Priorities:	**2.1.1**	**Market-based Policy Framework**
	2.1.2	**Infrastructure, Gateways and Trade Corridors**
	2.1.3	**Innovation**

2.1.1 Market-based Policy Framework

Competition and free market forces stimulate performance and increased productivity. Both public and private sector investments are critical in achieving a competitive, world-class transportation system, but any government interventions should be targeted to situations where market forces are insufficient to achieve desirable outcomes. Transport Canada has been working on several fronts to support a strong and vigorous marketplace framework for our national transportation system. Performance updates concerning some of Transport Canada’s activities over the 2006-07 fiscal year follow.

Canada Transportation Act Amendments

The government indicated its intention to proceed with amendments to the *Canada Transportation Act* based on the former Bill C-44, by dividing the former Bill into three more-manageable pieces of legislation. The *International Bridges and Tunnels Act*, received Royal Assent on February 1, 2007. It provides the federal government with the legislative authority to ensure effective oversight of the existing 24 international vehicular bridges and tunnels and nine international railway bridges and tunnels, as well as any new international bridges or tunnels built in the future. Bill C-11 contains amendments related to the Canadian Transportation Agency, transportation mergers, air travel, rail passengers, railway noise and the grain revenue cap. It was referred to the Standing Senate Committee on Transport and Communications on March 28, 2007, and followed normal Parliamentary review culminating in Royal Assent on July 5, 2007. During 2006-07, extensive consultations took place on a proposed third Bill which would improve the provisions aimed at protecting rail shippers from potential abuse of market power by the railways. A Bill is expected to be tabled early in fiscal year 2007-08.

Federal Hopper Car Fleet

In Budget 1996, the government announced its intention to dispose of the federal fleet of railway grain hopper cars. This fleet of 12,400 cars has been used for the transportation of western Canadian grain for the past 30 years. On May 4, 2006, Canada's new government announced it would retain the hopper cars in order to maximize benefits for farmers and taxpayers. Negotiations commenced with Canadian National Railway and Canadian Pacific Railway for new operating agreements. Besides making the railways responsible for the day-to-day operation of the federal hopper cars, the new agreements contain provisions that will see the hopper cars refurbished at the railways' expense. In addition, the railways will continue to maintain the hopper cars to industry standards, and Transport Canada will conduct regular inspections to confirm that maintenance and refurbishment work has been completed. The railways will also pay the government for the use of the cars in non-revenue cap movements. Farmers will benefit from refurbished and upgraded cars as well as new higher capacity cars, which the railways will supply, at their own expense. The agreement with Canadian Pacific Railway Company was signed July 2007. The agreement with Canadian National Railway is expected to be signed in fiscal year 2007-08.

International Air Agreements

A new international air policy (Blue Sky) was adopted in 2006. The announcement was preceded by research, preparation, consultations with a broad range of Canadian stakeholders and approval by Cabinet. Successful negotiations of new or expanded air transport agreements took place with the U.K., Portugal, Algeria, Serbia, Croatia and Japan. Unsuccessful negotiations were held with Venezuela. An important dialogue with the European Commission towards the negotiation of a Canada-European Union comprehensive air services agreement began with an exploratory meeting at the level of officials.

Canada Airports Act

Bill C-20, the proposed *Canada Airports Act*, was tabled in June 2006, following an extensive series of consultations with stakeholders, and provincial and territorial governments. Additional consultations were undertaken with a view to seeking consensus on means to address any outstanding issues or concerns that became apparent once the actual text of the Bill was available to the public.

Monitoring the National Systems of Airports

Transport Canada has established a system to monitor the financial viability of the National Airports System airport authorities, involving a multi-year approach that has been applied to all 21 airport authorities. As a result, the department now has an airport authority financial database.

Transport Canada is taking a balanced scorecard approach to monitoring airport performance, building to the maximum extent possible on existing financial, statistical and operational databases available. An interim five-year balanced scorecard has been prepared for each of the 21 airport authorities using the existing databases available. The department is now examining the benefits for extending the range of information available, the cost of airing such extra data, and to what extent the extra benefits would justify the incremental costs.

Air Canada Public Participation Act

On June 15, 2006, the Standing Committee on Official Languages released a report recommending that the Government table amendments to the *Air Canada Public Participation Act*. In its response to the report, the Government committed to tabling legislation that would address the Standing Committee's concerns. On October 18, 2006, the Government introduced Bill C-29, amendments to the *Air Canada Public Participation Act* that are designed to ensure official language obligations continue to apply to the restructured Air Canada and are restored at its various affiliates. Status of the Bill will be clarified once the next session of Parliament commences.

International Civil Aviation Organization

Canada's Permanent Mission to International Civil Aviation Organization (ICAO) has two roles – as a diplomatic mission and a Transport Canada directorate. The Mission continues to advance the departmental agendas of safety, security, environment and governance, engaging both Transport Canada and Department of Foreign Affairs and International Trade with respect to governance and political/diplomatic concerns. Canada's interventions at ICAO had, and continue to have, a positive effect: transparency in the safety audits, the implementation of guidelines for the carriage of liquids, gels and aerosols onboard aircraft, the development of strategies on the environment, higher profile of the status of women at ICAO, more transparent ICAO hiring practices, the beginning of a staff appraisal system and improved financial management of the organization. In 2006, ICAO went through a year of transition with the re-election of the secretary general and the election of a new president of council after 30 years in office of the previous President. Canada continues to be one of the key players in advocating and facilitating institutional reforms as part of this transition.

Gander International Airport Authority

Gander International Airport Authority (GIAA) has accepted the Government's offer of up to $4.8 million in financial assistance to cover its possible operating and capital shortfalls from April 1, 2007 to October 31, 2008. The purpose of the contribution is to provide the Authority with short-term financial stability while it works towards achieving revenue growth and long-term financial viability. The GIAA has not yet been able to achieve financial viability due to strong competition for passenger traffic, technological and industry changes affecting its technical stop business, and global economic and political factors. The contribution will cover the GIAA's monthly operating and capital losses. GIAA must submit a business plan by Fall 2007 that details the Authority's plan for achieving revenue growth at the airport.

Mirabel Lands

On December 18, 2006, Prime Minister Stephen Harper and Minister Cannon, announced the creation of a program that will allow farmers to buy land they are currently leasing at Mirabel International Airport. In addition, they announced the creation of a Transition Committee. The committee's mandate was to make recommendations to the Minister of Transport, Infrastructure and Communities on the terms of the program. Its report was submitted on April 28, 2007. In accordance with the wishes of the Union des producteurs agricoles (UPA), the committee took into account precedents established through the 1985 Sale Program and the 1989 Long-term Leasing Program. Current tenants will be given first priority to buy the lands. The cost of the program is estimated at $10.9 million over three years.

In accordance with the Treasury Board Real Property Environment Policy, departments must conduct audits on the state of real property from an environmental point of view before selling them. Therefore, Transport Canada sent invitations to tender in order to secure a firm to conduct environmental compliance audits. The firm has been chosen and a contract was awarded. Also, talks are underway with Aéroports de Montréal (ADM) to remove these lands from under their management and will require an amendment to their lease agreement with Transport Canada. The Airport Authority has provided full cooperation. In addition, Transport Canada has, since early December 2006, been corresponding with the Mohawks of Kanesatake to inform them of developments in this file. Information sessions with the City of Mirabel and the Mohawks of Kanesatake Band Council were held this spring, and communications are ongoing.

Aviation War Risk Liability Program

The Aviation War Risk Liability Program was introduced as an interim measure in the aftermath of September 11, 2001 to provide an indemnity for third party aviation war risk liability to Canadian air transportation companies that could not obtain suitable insurance coverage on commercially acceptable terms. The program has been extended several times, most recently to the end of 2007. The objective of the program is to ensure the continued operation, viability and competitiveness of the Canadian aviation industry. The department continues to monitor the aviation insurance market, and make adjustments to the program as appropriate.

Marine Insurance and Maritime Law Reform

New regulations for marine carriers to acquire and maintain insurance coverage sufficient to meet their liability to passengers have been drafted, however, they have been put on hold pending several amendments to the *Marine Liability Act* (MLA). These amendments include the ratification of several international liability conventions, changes to common law and an exemption for the marine adventure tourism industry from Part 4 of the MLA. Consultations with stakeholders on these changes have been concluded. The regulations concerning compulsory insurance for marine carriers will be held in abeyance pending the amendment of the MLA.

Marine Simulator Contribution Program

Training of marine personnel will be enhanced thanks to the approval of a $7.2 million Marine Simulators Contribution Program, approved by Order-in-Council on December 18, 2006. This program will provide financial assistance to five provinces that have Marine Training Institutes over a four-year transition period, from April 1, 2007 to March 31, 2011. As a result of the gratuitous transfer of the ten marine training simulators, previously owned by the federal government, Transport Canada will be able to ensure consistent standards of training and performance without being prescriptive as to their use. For further details on the above initiatives and other safety regimes under the Marine Safety Program, visit http://www.tc.gc.ca/marinesafety/menu.htm.

Delivery of Pleasure Craft Licensing

In April 1, 2006, Service Canada began delivering Pleasure Craft Licensing at all of their 320 offices across Canada on behalf of Transport Canada. This service now provides the Canadian public almost three times the number of places where they can process their licensing transaction. In 2006, over 100,000 (preliminary figure) licenses were issued across the country. The new system also allows Search and Rescue personnel to access the information 24 hours a day, seven days a week in the event of an emergency. This could mean the difference between life and death. For more information visit http://www.tc.gc.ca/BoatingSafety/pcl.htm

Port Divestiture

For the past 11 years, Transport Canada has been transferring the ownership and operation of its regional/local and remote ports to other federal departments, provincial governments and local interests, including municipalities. The ultimate results of these port divestiture efforts contribute to transportation's role as an economic enabler. The divestiture program has placed the operation of transferred ports in the hands of those best suited to respond to the local circumstances, contributing to a more effective and efficient transportation system.

As of March 31, 2007, Transport Canada has divested 469 (85 per cent) of its original 549 ports, which includes three transfers during the 2006-07 fiscal year. These transfers have resulted in an estimated savings to the Canadian taxpayer of $531 million that would otherwise have been spent on operating and maintaining the ports. During 2006-07, the department contributed $513,000 to local interests from the Port Divestiture Fund to facilitate divestiture of the ports, bringing the total expenditure from the Fund to $203.8 million since the beginning of the program.

The Port Divestiture Program has recently been extended to March 31, 2012. This extension will allow divestiture negotiations to continue, and permit communities and local interests an opportunity to own and operate port facilities.

The most recent evaluation of the Port Divesture Program is presented in Table 9 - Details on Transfer Payment Programs http://www.tbs-sct.gc.ca/est-pre/estime.asp.

For more information on the Port Divestiture Program, please consult: http://www.tc.gc.ca/programs/ports/menu.htm .

Data Collection

Transport Canada further expanded the Electronic Collection of Air Transportation Statistics (ECATS) programme to Phase II to improve the quality, scope and timeliness of air transportation statistics in support of policy formulation, planning and decision-making. During 2006-07, the cargo portion of Phase II of the ECATS initiative was successfully implemented with ECATS now collecting cargo data from 80 per cent of the air carriers initially in scope. The collection process for cargo data was also integrated with the data collection process put in place during Phase I of ECATS. Initial data collection work has also commenced in general aviation in an attempt to address the Department's data requirements in that segment of the air industry.

During 2006-07, surveyors employed by Transport Canada interviewed truckers as part of a National Roadside Survey (NRS) at key Canada/U.S. border locations and at strategic points in the Quebec-Windsor corridor. The NRS is a joint federal-provincial-territorial data collection and analysis project, using passive data gathering technology to obtain traffic count data coupled with surveys undertaken at specific locations to gather information on trucking operations. The scope of the coverage of the trucking operations includes the National Highway System network and encompasses not only Canadian-based commercial trucking firms but also U.S.-domiciled trucking firms operating in the Canada-U.S. trade context and private trucks operated by shippers for their own account.

Full Costs of Transportation in Canada

In 2006-07, Transport Canada in collaboration with the provinces and territories, completed a series of studies supporting the assessment of the full costs of transportation in Canada. The work carried through during this multi-year, multi-phase project yielded a new analytical tool that will provide policy-makers with a detailed valuation of the financial and social costs of all modes of transportation in Canada. This includes the capital and operating costs of both infrastructure and vehicles, the economic valuation of land occupied by transportation infrastructure and, cost estimates of the social impacts of transportation (accidents, road congestion, air pollution, climate change and noise).

2.1.2 Infrastructure, Gateways and Trade Corridors

Supporting the smooth flow of people and goods as well as creating the right conditions to encourage investments in transportation infrastructure remain key areas of focus for this department. Transport Canada works in co-operation with other levels of government to ensure the viability and competitiveness of our transportation system. Strong and sustainable infrastructure is necessary to support the ever-increasing volume of trade and tourism traffic accessing Canada's highways, borders, gateways and trade corridors.

Using the "gateway" approach, we can move strategically to take advantage of the convergence of opportunities related to international commerce, geography and transportation. Its objective is to maximize the efficiency of our major trade-based gateways and corridors, and to ensure policies are coordinated in order to take full advantage of them.

Asia-Pacific Gateway and Corridor Initiative

Budget 2006 committed $591 million for the Asia-Pacific Gateway and Corridor Initiative (APGCI) to address the challenges and opportunities in the further development of Canada's Asia-Pacific Gateway and Corridor. The APGCI aims at establishing the best transportation network facilitating global supply chains between North America and Asia. In particular, it seeks to: increase the Gateway's share of North America-bound container *imports* from Asia; improve the efficiency and reliability of the Gateway's service to Canadian and other North American *exports* as Asia's economies grow; and expand commerce with the Asia-Pacific region.

The APGCI is an integrated package of investment and policy measures that will advance the capacity and efficiency of the Asia-Pacific Gateway and Corridor and Canada's ability to take advantage of it. Prime Minister Harper formally launched the APGCI in October 2006. A number of immediate measures were announced at the launch, totalling $321 million including both transportation infrastructure and non-infrastructure/competitiveness components. Decisions on the remaining funds will be made following a fast track planning and consultative process.

Minister of International Trade and Minister for the Pacific Gateway and the 2010 Olympics, and the Honourable Lawrence Cannon, Minister of Transport, Infrastructure and Communities, are jointly responsible for the development and implementation of the APGCI. Its development and implementation is led by Transport Canada in collaboration with the following four federal departments/agencies: Department of Foreign Affairs and International Trade (DFAIT); Canada Border Services Agency (CBSA); Parks Canada Agency; and Western Economic Diversification (WD).

More information on the APGCI can be found at http://www.tc.gc.ca/majorissues/APGCI/menu.htm.

Strategic Highway Infrastructure Program (SHIP)

SHIP Highway Construction Component

In 2006-07, the highway construction component of SHIP, with a $485 million allocation, resulted in the completion of 13 projects across Canada including the Yukon, British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and Nova Scotia. These projects will enhance the safe and efficient movement of people and goods, support trade and economic development, and promote sustainable transportation.

SHIP Border Crossing Transportation Initiative

A new alignment connecting the Trans-Canada Highway to the Sault Ste Marie International Bridge in Ontario and major capital improvements to Highway 15 leading to the Lacolle border crossing were completed under the Border Construction component of SHIP in 2006-07. These projects improve the safety, efficiency and capacity of the road network leading to the U.S. border, and help to facilitate the cross-border movement of goods and people. As well, working with provinces/territories, electronic traffic counting and classifying devices were installed at selected points across Canada. This will provide a new source of data in order to better understand freight movements and improve policies and programs.

The environmental assessment phase of the bi-national effort to develop a new border crossing in the Windsor-Detroit area continued through 2006-07, under the auspices of the Canada-U.S.-Ontario-Michigan Bi-national Partnership. Environmental and technical studies on possible locations for a new border crossing were undertaken in both Canada and the U.S., as part of a coordinated bi-national study to develop an end-to-end solution to cross-border traffic issues in this region.

In fiscal year 2006-07, the focus was narrowed to three river crossing alternatives, three customs inspection plaza locations, and one centrally located access road from Highway 401 to the customs plaza facilities. This project will ease traffic congestion and will result in a safer and more efficient highway system for all Canadians.

For further project-specific details on the Windsor Gateway, please consult:
http://www.partnershipborderstudy.com/ and
http://www.tc.gc.ca/mediaroom/releases/nat/2005/05-gc003e.htm.

SHIP Transportation Planning / Modal Integration Initiative

Transport Canada has made $5 million available for academic research studies and applied transportation initiatives that advance transportation planning and modal integration (TPMI) in urban areas and along transportation corridors. The department has funded several TPMI studies in British Columbia, Alberta, Ontario, Quebec and Nova Scotia related to rapid transit links, rail corridors, supply chain, short sea shipping and goods movement studies. As well, a second call for proposals issued in November 2005 was successfully completed with the announcement, in

June 2006, of 13 winning projects. These will receive federal funding of approximately $1-million. To date, most of the $5 million available for funding has been granted to 45 projects across the country. By encouraging the development of innovative approaches to transportation issues, these projects will increase the efficiency of the transportation system as a whole and improve its sustainability. For further project-specific details concerning the two TPMI call for proposals, consult: http://www.tc.gc.ca/mediaroom/releases/nat/2004/04-h061e.htm and http://www.tc.gc.ca/mediaroom/releases/nat/2006/06-h057e.htm.

SHIP – Nunavut

This program has resulted in the construction of three air terminal buildings in Pond Inlet, Coral Harbour and Gjoa Haven; and a 3.2 km road in Chesterfield Inlet. The program has also funded two fish habitat studies in Pond Inlet, and Clyde River and partially funded the Nunavut-Manitoba Route Study. Together the program has contributed $4.2 million to the Nunavut economy.

An evaluation of the SHIP components was conducted in 2006. The results are presented in Table 9 - Details on Transfer Payment Programs http://www.tbs-sct.gc.ca/est-pre/estime.asp.

Additional information on SHIP is available at http://www.tc.gc.ca/SHIP/menu.htm.

Canada Strategic Infrastructure Fund

Transport Canada worked closely with Infrastructure Canada on the strategic implementation of key surface transportation infrastructure projects. Significant resources were allocated to reviewing projects and negotiating contribution agreements for the new funding. Major Highway projects are now under construction across Canada that will enable the safer and faster movement of people and goods on Canada's major land transportation routes; reduce production of greenhouse gases and airborne pollutants; encourage more effective urban development; increase economic activity including tourism; and encourage the use of innovative technologies and practices to minimize greenhouse gas emissions. Five major highway infrastructure projects were completed under this program in 2006-07 in the Yukon, the Northwest Territories and New Brunswick, resulting in safety and efficiency benefits to Canadians.

In addition to the above projects, the department continued to work with Infrastructure Canada to implement projects aimed at improving and increasing the capacity of Canada's public transit systems. Project construction has started on projects in the Greater Toronto Area (GO Transit, York VIVA Bus Rapid Transit, and the Toronto Transit Commission) and in Vancouver, British Columbia (the Canada Line). As an example, substantial progress on the construction of Canada Line occurred during the year, with construction approximately 30 per cent complete, and on track to be operational by its scheduled November 30, 2009, completion date. The first of two bored tunnels under downtown Vancouver was approaching a terminus point near the waterfront, and major bridges over the north and middle arms of the Fraser River are progressing well. Overall, the Transit projects will mitigate the growth of congestion and the corresponding environmental impacts. In Quebec, significant progress was realized on Phase 1 of Autoroute 30. A framework for the public-private partnership was developed; a call for qualifications was issued and the final three candidates were selected; the federal environmental assessment was completed; and, approval was received from the Governor-in-Council for the development of a bridge that will allow for crossings of the St. Lawrence River and the Beauharnois Canal.

Additional details are available at http://www.infrastructure.gc.ca/index_e.shtml and http://www.infrastructure.gc.ca/ip-pi/csif-fcis/index_e.shtml

Border Infrastructure Fund

The department continued to work with Infrastructure Canada to implement projects aimed at improving border efficiency and reducing congestion. Over $500 million in federal funding for border improvement projects has been announced under the Border Infrastructure Fund. Construction of new infrastructure is being undertaken at five major commercial crossings under this program: Windsor, Sarnia, Niagara and Fort Erie, Ontario; and Douglas, British Columbia. These projects will reduce border congestion and expand existing infrastructure capacity to support ongoing economic growth. Specific projects completed in 2006-07 included intelligent transportation systems that were installed on Highway 402 in Sarnia leading to the U.S. border and a major plaza reconfiguration at the Peace Bridge in Fort Erie was completed under this program in 2006-07 to help improve our surface transportation link with the U.S. Additional details can be found at http://www.infrastructure.gc.ca/index_e.shtml and http://www.infrastructure.gc.ca/ip-pi/bif-fsif/index_e.shtml.

Domestic and International Bridges

Transport Canada has been reviewing the governance of domestic and international bridges within its portfolio with a view to strengthen accountability and to improve the long-term financial sustainability of these structures. In particular, in the past year a significant amount of work has been completed with respect to the Sault Ste. Marie International Bridge, including a proposed new operating agreement with the State of Michigan and the recommendation for a more effective governance model for Canadian ownership. Ongoing work will address long-term funding needs at several bridges, including Sault Ste. Marie and the Thousand Islands International bridges.

The *International Bridges and Tunnels Act*, S.C. 2007, c.1 (formerly Bill C-3), received Royal Assent on February 1, 2007, and came into force on April 25, 2007. The Act gives the Government the authority to develop regulations concerning security, maintenance and repair and operations and use over international bridges and tunnels. The Act also provides for Ministerial approval of construction of new international bridges or tunnels, or alteration of existing facilities, as well as the sale or transfer of these bridges or tunnels.

Small Airport Viability

At the September 2004 Council of Ministers Responsible for Transportation and Highway Safety, Ministers recognized that small airport viability was a complex issue touching all levels of government. A joint federal/provincial/territorial Task Force was established to identify the missions of small airports and identify options for future action. The Task Force presented its final report to the Council of Ministers in September 2006, which is posted on the Council of Ministers website http://www.comt.ca/default.htm. The report lays out the Task Force's findings regarding the missions and roles of small airports in Canada and a proposed suite of options for future action, recognizing that a "one size" fits all solution does not exist.

Airports Capital Assistance Program

The Airports Capital Assistance Program (ACAP) assists eligible airports with the financing of capital projects related to safety, asset protection and operating cost reduction. There have been two program evaluations since the program started, the first in February 2000 and the second in June 2004. Both concluded the Program was meeting its objectives and there was a need for it to continue. As a result of the 2004 evaluation, Transport Canada has obtained approval for the renewal of ACAP until March 31, 2010. Since the Program started in 1995, the Government of Canada has announced a total of $422.7 million for 510 safety improvement projects, under ACAP, at 159 airports. Over 99 per cent of these projects were airside safety-related projects such as runways, taxiways, visual aids, etc, and heavy airside mobile equipment. In anticipation of the April 2010 renewal of ACAP, a third evaluation of the Program is scheduled to be undertaken in 2008 and completed in 2009.

The most recent evaluation of the ACAP is presented in Table 9 - Details on Transfer Payment Programs http://www.tbs-sct.gc.ca/est-pre/estime.asp.

Canada Marine Act

In 2006-07 the government proceeded with additional consultations with key stakeholders to further enhance a revised package of amendments to the *Canada Marine Act* (CMA) based primarily on the CMA Review, reactions to former Bill C-61, emerging trends and the priorities and directions of the new government. Any amendments will support a strategy to encourage competitiveness in the marine transportation sector, and will consider the long-term role of ports in Canada and surrounding communities. A new Bill is intended to be tabled in Parliament.

Port Amalgamation

As part of Transport Canada's ongoing efforts to provide Canada Port Authorities (CPAs) with enhanced financial and competitive flexibility, amendments to the Port Authorities Management Regulations were pre-published in the *Canada Gazette* adding generic amalgamation provisions. Amalgamation is seen as a way for CPAs to handle changing economic conditions and concomitant impacts on the transportation system, especially in the British Columbia Lower Mainland. In July 2006, under the umbrella of the Asia Pacific Gateway and Corridors Initiative, the Minister of Transport, Infrastructure and Communities invited the three CPAs of Vancouver, Fraser River and North Fraser to explore the potential for their amalgamating into one integrated port authority. In their report presented to the Minister of Transport, Infrastructure and Communities in November of 2006, the three CPAs recommended amalgamating. Transport Canada and the three CPAs are currently working collaboratively on amalgamation.

Great Lakes St. Lawrence Seaway Study

Over the past year, the majority of study projects and technical analyses were completed. This includes the evaluation of infrastructure needs of the Great Lakes St. Lawrence Seaway system, including the engineering, economic, and environment implications of those needs as they pertain to navigation. The consolidation process, which summarizes all technical works in order to create one final consolidated report, started in Fall 2006. The final study report is expected for public release by Fall 2007. The report will include a detailed engineering analysis of the Seaway system's existing infrastructure. It will also include an economic analysis on the costs and benefits associated with maintaining the infrastructure. In addition, the report will present navigation-related environmental factors.

Ridley Terminals Inc.

In February 2006, the Minister of Transport, Infrastructure and Communities announced that the Government of Canada made a public policy decision to set aside the Request for Proposal process for the divestiture of Ridley Terminals Inc. (RTI) to ensure that the long-term future operation of RTI supports industry and trade objectives. RTI will continue to be maintained as a Crown corporation. At the same time, the government rescinded the Directive prohibiting RTI from entering into any long-term agreements, in excess of 18 months, without the prior written approval of the Minister of Transport, Infrastructure and Communities. With the approval of its 2006-2010 Corporate Plan in June 2006, the corporation entered into long-term contracts. The upswing in coal markets has had a positive effect on RTI's operations, with the Corporation forecasting financial viability in 2007. As a result, RTI will not be seeking a contribution agreement with Transport Canada to subsidize operations in 2007. RTI is currently in the process of bringing forward its 2007-2011 Corporate Plan to the Minister for approval by the Governor in Council.

2.1.3 Innovation

An innovative and integrated transportation system is necessary to support Canada's success in the global marketplace. Through its innovation, research and development and skills development initiatives, Transport Canada works with other public and private sector organizations to increase the responsiveness, flexibility, and performance of the Canadian transportation sector.

Strategic Research and Development

Ongoing organizational changes in the department continue to bring Transport Canada's innovation, research and development (R&D), and policy research activities into alignment with the Government of Canada's vision of an efficient and competitive economy. The Innovation, R&D and Policy Research group examines the department's overall approach to innovation and R&D from a policy and strategic perspective, and fosters relationships with other public and private sector organizations. Specifically, Transport Canada has laid the groundwork for a strategic approach to optimize mobility of people and goods by identifying four strategic R&D

themes to complement its safety in security mandate: gateways and corridors, northern transportation, accessibility and energy efficiency.

Transportation Development Centre

The Transportation Development Centre (TDC) is a centre of expertise for technology R&D supporting the department's strategic goal of maintaining a competitive and productive transportation system that is safe, secure, and environmentally responsible. The Centre forges partnerships between industry, governments, and research centres for the development, demonstration, and commercialization of innovative technological solutions to Canada's transportation challenges. Results of TDC's research are made publicly available on the Internet. More than 40 technical reports and summaries were released in 2006-07.

Major work in 2006-07 included finalization of a prototype regional Advanced Traveller Information System for the Greater Vancouver area in partnership with TransLink, the Greater Vancouver Transit Authority. The result is a one-stop public web portal that provides multi-modal, multi-jurisdiction, static and real-time traveller information, enabling users to make better, more informed travel decisions. The public launch of the system, branded iMove, is planned for 2007-08.

In addition, a Canada-U.S. project to develop a fatigue management program for commercial motor carriers began with volunteer companies in Alberta, Quebec and California. The program includes guidelines, manuals and other training materials, which will be finalized following the trial and made available to the trucking industry.

An ongoing Canada-U.S. freight security initiative is testing off-the-shelf technologies to determine their potential for improving security through real-time monitoring and tracking. The technologies are being installed on several cargo containers and moved through Canadian, U.S. and international intermodal freight systems by truck, rail and ship.

Shakedown testing was completed on a prototype electric parcel delivery truck developed by an industry-led partnership. The goal is a lightweight vehicle with a range of 120 km that is 90 per cent more energy efficient than a conventional delivery truck. In-service testing at a national courier service is planned for Toronto in Summer 2007.

The Centre also played a key role in the organization of two major international rail industry conferences. Hosted by Transport Canada and a group of industry partners, the World Congress on Railway Research drew more than 750 representatives from industry, government and research centres from around the world. The Ninth International Level Crossing Safety and Trespass Prevention Symposium attracted more than 300 delegates.

For more information visit http://www.tc.gc.ca/tdc/menu.htm.

Intelligent Transportation Systems

Intelligent Transportation System (ITS) refers to the integrated application of information processing, communications and sensor technologies to transportation infrastructure and operations that support the efficiency, safety, security and sustainability of the transportation system. Under the Strategic Highway Infrastructure Program, $30 million is dedicated to ITS and, to date, some $24 million has been spent or committed.

Transport Canada has continued implementing the ITS Strategic Plan for Canada by concluding contribution agreements with provinces and territories, municipalities and transportation agencies and authorities. 31 projects were completed during the year, including the installation of over 40 new environmental sensor stations and the upgrade of 36 existing stations, the development of a hand-held computer-based dispatch system for commercial vehicles at Vancouver International Airport, models for managing the interactions of land-based container fleets and shipping lines; the implementation of remote vehicle inspection stations for commercial vehicles, the development of a draft deployment plan for Intelligent Border Crossings; and the completion of a feasibility and design study for a multi-agency centralized transportation management centre.

These projects support national objectives such as the Asia-Pacific Gateway Initiative (integrated transportation management centre) and the Let's Get Windsor-Essex Moving Strategy (Intelligent Border Crossings) and several Government of Canada outcome areas (an innovative and knowledge-based economy, strong economic growth and a prosperous Canada through global commerce).

Transport Canada has begun the process to review and update the ITS Plan for Canada by seeking the views of stakeholders, and contracting for expert advice as needed. The policy framework setting out the direction for Transport Canada in this area will be completed late in 2007.

For more information about ITS visit: http://www.its-sti.gc.ca/en/menu.htm.

Transportation-related Innovation and Skills Development

Transport Canada has continued to act as a catalyst between different levels of government, industry, academia and other stakeholders to support transportation skills development. In 2006-07 Transport Canada co-chaired the federal/provincial/territorial Skills Task Force as the group delivered on its work plan commitments, including the development of a Compendium of Successful Skills Initiatives (http://www.comt.ca/default.htm). The Skills Task Force ultimately reports to the Council of Deputy Ministers responsible for transportation through the Policy and Planning Support Committee. Transport Canada also funded the inclusion of a transportation component in the Canada-wide Virtual Science Fair to encourage Canadian students (aged approximately five to 17 years) to consider the scientific exploration of transportation-related themes.

Transport Canada also funded the National Training Program that is responsible for the development and administration of technical training courses for the marine inspection community. This ensures inspectors are in compliance with changing rules and regulations and are knowledgeable of the acts and regulations impacting marine safety. Ongoing developments include a national policy for mandatory training of inspectors prior to appointment, continued emphasis on small vessel inspections, and backup for regional inspectors when they are assisting with the delivery of training courses. In addition, the development of the necessary training modules were completed to ensure that marine inspectors will be conversant with the changes that will come as a result of the *Canada Shipping Act 2001* coming into force in the Spring 2007.

2.2 Strategic Outcome: A safe and secure transportation system that contributes to Canada's social development and security objectives

Resource allocation to this strategic outcome for 2006-07 ($ thousands):

Planned Spending	Total Authorities	Actual Spending
$1,090,298	$1,016,671	$940,383

Note: The spending by Strategic Outcome includes a reallocation of departmental administration.

As displayed in the Main Estimates, the two program activities under this strategic outcome are "Policies, rule-making, monitoring and outreach in support of a safe and secure transportation system" and the Crown corporation "Canadian Air Transport Security Authority". Transport Canada regulates the Canadian Air Transport Security Authority (CATSA), a Crown corporation responsible for the screening of passengers and their belongings and certain other specific initiatives to improve air passenger and airport security. This Minister tabled an advisory panel report on the *CATSA Act* in December 2006. The report made over 40 recommendations related to CATSA's operations, roles/responsibilities, legislation and finance/administration. The Minister accepts the report and is studying the recommendations to provide a response in the Fall and Winter 2007.

As per section 122 of the *FAA*, this Crown corporation must submit its annual corporate plan to the Minister of Transport, Infrastructure and Communities and is not subject to reporting through this document.

The safety and security program activity covers policies, rule-making, monitoring and enforcement, and outreach in support of a safe and secure transportation system. It also encompasses the development of national legislation, regulations and standards, and carries out monitoring, testing, inspection, enforcement, education, training and developmental activities to promote safety and security in all transportation modes. It also covers emergency preparedness plans and delivers aircraft services to government and other transportation bodies.

Transport Canada's *2006-2007 Report on Plans and Priorities* outlined a number of important areas for the department to focus its efforts in ensuring a safe and secure transportation system. The following section provides highlights of Transport Canada's progress in these areas by program priority.

Indicators of Progress

- *High level of public confidence in transportation safety and security*
- *Reduction in accident/incident rates relative to the increase in traffic*
- *Reduction in fatality rates related to the accident/incident rates*
- *Progress in implementing safety management systems and security management systems*

Results Achieved against the Indicators of progress

Transport Canada measures public confidence in the safety and security of each transportation mode. In the case of all four transportation modes, at least 96 per cent of those Canadians who have an opinion rate the transportation modes as either moderately or extremely safe and secure. Canadians also believe that there are sufficient security procedures in place to protect them. Even if they do not feel immune to the activities of terrorists, they do nevertheless feel confident in the effectiveness of the security measures that have been implemented.

In 2006 there were fewer accidents in the aviation, marine and rail modes of transportation and about the same number in the road mode in comparison with 2005. There were fewer accidents involving the transportation of dangerous goods. Compared with 2005 and the five-year average, there were fewer fatalities in aviation, marine and rail but more fatalities in road transportation (2005). There was one fatality caused by dangerous goods that involved the transportation of dangerous goods, consistent with the five-year average. With the exception of a few fluctuations in rail, the safety performance record in the three other transportation modes has contributed to a long-term downward trend in accidents reported over the past ten years.

For more information, please refer to the Transportation in Canada Annual Report TP13198E http://www.tc.gc.ca/pol/en/anre/menu.htm.

Program Priorities:	**2.2.1**	New Security Policies and Programs
	2.2.2	Smart Regulation
	2.2.3	Safety and Security Management Systems

2.2.1 New Security Policies and Programs

In terms of enhancing transportation security, in 2006-07, Transport Canada continued a number of activities, including legislative and regulatory enhancements, awareness campaigns, industry training initiatives, research and development activities, and international initiatives. Transport Canada also actively contributed to such federal government initiatives as the National Security Policy and the Security and Prosperity Partnership.

Aviation Security

Aviation security remained a key priority for the department in 2006-07 as it continued to implement a number of aviation security initiatives in collaboration with other federal government departments, other countries and international organizations, industry stakeholders and labour organizations. In particular, Transport Canada introduced or made significant progress towards developing new or enhanced security programs, such as:

- Establishing a project office for air cargo security initiative and commencing program design following the Budget 2006 announcement of $26 million over two years for the design and pilot testing of an air cargo security initiative;

- Developing a methodology and strategy to assess the need, type and extent of the Transportation Security Clearance Program across all transportation sectors; and

- Completing some preliminary planning needed to undertake a multi-year broad-based review of the security regulatory framework.

In addition, Transport Canada made significant progress toward the introduction of the **Passenger Protect** program by continuing to work with other government departments and key interested parties, and introducing new identity screening regulations. Passenger Protect prevents persons who pose an immediate threat to aviation security from boarding a commercial aircraft. The identity screening regulations complement the program by requiring passengers to present government-issued identification before boarding an aircraft, and were first published in the *Canada Gazette*, Part I on October 28, 2006, with the program coming into effect in June 2007. For more information visit http://www.tc.gc.ca/vigilance/sep/menu.htm.

Marine Security

Marine security was identified in the National Security Policy as a critical element of national security. Transport Canada aims at a nationally and internationally recognized marine transportation system that is secure, efficient and respects Canadian values. This will be achieved with partners in order to increase the level of protection of Canada's Marine Transportation Security System against: unlawful interference, terrorism attack and terrorist exploitation as a conduit to attack our allies. This will be done in a manner that preserves the efficiency of the Canadian marine transportation system and respects Canadian values.

During 2006-07, Transport Canada carried out key initiatives in enhancing marine security as well as made significant progress under the six-point action plan set out in the National Security Policy.

Transport Canada continued to work on developing the Marine Security Operations Centre (MSOC) capability in collaboration with National Defence, Canadian Coast Guard, Canada Border Services Agency and the Royal Canadian Mounted Police. Transport Canada personnel within the MSOC continue to conduct processing of all 96 - hour Pre-Arrival Information Reports (PAIRs) to ensure vessels entering Canadian waters are compliant with international and national security regulations. The department's analytical capability within the MSOC continues to evolve with its analysts working with military and government counterparts to develop and disseminate improved Maritime Domain Awareness in their respective areas of responsibility.

Transport Canada continued to work with its international partners in harmonizing marine security, in particular with the U.S. and with member States of the International Maritime Organization (IMO). Transport Canada also participated at key IMO Committees for the development of regulatory requirements, including those for the Long Range Identification and

Tracking (LRIT), and Vessel Security Officers (VSO) training. These requirements are now being included in the Marine Transportation Security Regulations (MTSR).

Transport Canada continued its work in carrying out the Marine Security Contribution Program and granting over $12 million in funding for security enhancements throughout the country during 2006-07. Funding was used for security enhancements such as surveillance equipment, dockside and perimeter security, command, control and communications equipment, and training. In 2006, the program was extended for two years for all eligible applicants, except Canada Port Authorities, and expanded to include domestic ferry operators, a new category of applicants not previously eligible. In November 2006, results of the Round Three applications were announced, which is providing up to $42 million to 101 ports and marine facilities across the country.

Significant progress was made in the implementation of the Marine Transportation Security Clearance Program during 2006-07 including an analysis of the approach and scope of the program. As a result of numerous consultations, the decision was made to move to a risk-based approach for the program. The scope was modified to focus on higher risk areas, create two different regimes for terminals (one for containers and one for cruise ships) and expand to more ports.

A collaborative pilot project with industry and labour stakeholders was completed in Vancouver in Spring 2006. Draft regulations were published in *Canada Gazette*, Part I on July 1, 2006. Further detailed discussions on operational issues were held through Summer and Fall 2006 followed by the publication of the regulations in the *Canada Gazette,* Part II on November 15, 2006.

Further work was accomplished in implementing the program including the development of an industry working group, chaired by Transport Canada to address all requirements for implementation of the program.

Transport Canada's Marine Security Directorate (TC/MARSEC) worked with the Organization of the American States (OAS) Secretariat for Multidimensional Security to develop a Canada-Americas Port Security Assistance Program that resembles Asia Pacific Economic Cooperation's (APEC) International Ship and Port Facility Security (ISPS) Code Implementation Assistance Program. This program assists developing Member States in the Americas to effectively implement the international maritime security standards specified in the ISPS Code and other security amendments to the Safety of Life at Sea (SOLAS) Convention. The program responds to an identified need to better coordinate and target port security capacity building assistance in this region. Transport Canada played a lead role in strengthening APEC's ISPS Code Implementation Assistance Program and in coordinating multilateral and bilateral technical assistance projects throughout the Asia-Pacific region. This project enabled Transport Canada to play a similar role within the Americas by developing and managing a needs-based program of marine security related technical assistance to developing States and coordinating all technical assistance projects in the region.

For more information visit http://www.tc.gc.ca/marine/menu.htm#security.

An evaluation of the Marine Security Program was conducted in 2006. The results are presented in Table 9 - Details on Transfer Payment Programs http://www.tbs-sct.gc.ca/est-pre/estime.asp.

International Influence on Security and Emergency Preparedness

Emergency preparedness and counter-terrorism capabilities continued to be a focal point for the department in 2006-07. The department continued to lead, or collaborate on, a number of high profile training exercises, both domestically and internationally – including the Public Safety Canada-led urban transit exercise program, to assess Canada's ability to act quickly, decisively and effectively in concert with other partners in the event of a terrorist attack, a security-related threat such as radiological contamination or other emergencies.

Transport Canada continued to work with other federal government departments, the provinces, industry partners and other governments in order to share information and best practices, and increase capabilities to respond to potential incidents in accordance with the Chemical, Biological, Radiological or Nuclear (CBRN) Response Program for the transportation of dangerous goods. For example, Transport Canada participated and presented at the CBRN Roundtable organized by Public Safety Canada in March 2007, its contribution under the National CBRN Strategy of Canada. This national strategy is the overarching framework for managing CBRN incidents in Canada and includes accidental CBRN incidents in its scope. The purpose of the roundtable was to discuss progress made and key initiatives, gaps and challenges. Transport Canada requires an approved Emergency Response Assistance Plan prior to offering to transport or import certain dangerous goods. The plans are also connected to the CBRN Response Program as it pertains to the evaluation of response capabilities to specific dangerous goods that could potentially be used as CBRN agents in a terrorism situation in Canada. A case in point, the current Health Canada / Public Health Agency response teams for CBRN incidents are the same responders who would respond to a transportation accident involving highly infectious substances.

Transport Canada also continued to enhance Canada's influence and reputation on the international stage by working with organizations such as the International Civil Aviation Organization (ICAO), the European Civil Aviation Conference, the International Maritime Organization, the North Atlantic Treaty Organization (NATO), and other governments (e.g. U.S. Department of Homeland Security). An example of Transport Canada's significant international security achievements is the collaborative effort being made under the Security and Prosperity Partnership (SPP) of North America. The SPP created an unprecedented commitment between Canada, the U.S. and Mexico to enhance the security, economic well-being and quality of life for citizens of North America. Under the SPP, Transport Canada is leading or co-leading in 52 transportation security initiatives including: transportation security clearances, hand baggage screening, air cargo security, passenger assessment, critical infrastructure and emergency response, among others. The department is making significant progress in collaborating with its Mexican and U.S. counterparts on many security policies and regulations, and all security initiatives are currently on track as a result of this continued co-operation.

Other key international security and emergency preparedness achievements include:

- Continuing to implement the transportation-related aspects of the Smart Border Declaration and its companion 30-point action plan to improve the security of shared border services, assure the flow of people and goods, and protect the critical transportation infrastructure. Many of the items in the action plan were further developed and became elements of SPP;

- Collaborating with the U.S. and other international partners such as the U.K. in major emergency preparedness and counter-terrorism exercises, to assess Canada's ability to act quickly, decisively and effectively in concert with international partners in the event of a terrorist attack, security-related threat such as radiological contamination, or other emergencies; and

- Continuing to help developing states in the Caribbean and South America meet international aviation security standards through the provision of a $405,000 contribution to the ICAO Aviation Security Awareness Training Program.

For more information visit http://www.tc.gc.ca/majorissues/transportationsecurity/menu.htm.

Passenger Rail and Public Transit Systems Security

Transport Canada has developed a two-year contribution program targeted towards the high volume passenger areas of commuter rail and urban transit, with a focus on major urban transit systems. This program provides financial assistance to commuter rail and public transit operators in designated major metropolitan areas to accelerate the implementation of immediate and initial security measures. On the basis of two national announcements in November 2006 and April 2007, the federal government committed $38 million to improve rail and urban transit security for 26 large and small transit operators for: risk assessments; security plans; employee training programs; public awareness; and the upgrade of security equipment. These security measures will assist operators in implementing projects that will protect Canadian families and communities.

During 2006-07, Transport Canada engaged operators in information sessions, consolidated information on best practices, and developed guidelines on developing a risk assessment, and a Security Plan Assessment Tool. While it is too early to measure specific security improvements in their respective transportation systems, Transport Canada officials have noted that operators are increasingly engaged in improving the level of security readiness in the context of Transit-Secure. Transport Canada officials have also observed national participation in its workshops and consultations that include relevant players in the sector and that contributes to national consistency including:

- a Threat and Risk Assessment Guide and Security Plan Guide Workshop delivered by Transport Canada;

- a one-day workshop added to the Canadian Urban Transit Association's conference to provide operators with guidance for applying for round two funding and guidance on developing risk assessments and security plans;
- a workshop on Standards and Best Practices delivered by Transport Canada; and
- a closed circuit television camera workshop.

At the same time, a major review of rail and transit security policy is being advanced. Drawing on international best practices, Transport Canada is working with federal partners, other levels of government, transportation experts and the transportation industry to develop a nationally consistent comprehensive, sustainable long-term policy. The policy will include a range of approaches to achieving a sustainable and comprehensive security regime for rail and urban transit in Canada, including both legislative/regulatory and voluntary measures. During the reporting period, Transport Canada has engaged provinces and territories in a review of the roles and responsibilities of different levels of government and the possible way ahead in this area of shared jurisdiction. Working with operators and industry associations, Transport Canada is facilitating the enhancement of industry capacity to address a range of security issues, and the development of industry standards/best practices.

For more information visit http://www.tc.gc.ca/vigilance/sep/rail/menu.htm.

2.2.2 Smart Regulation

In 2006-07, Transport Canada, as a major regulatory department, played a key role in the Government of Canada's Smart Regulation Initiative. In practical terms, this meant regulations that were more focused on safety and security results with targeted interventions, and that were designed, where appropriate, to give industry the flexibility to be innovative in meeting those outcomes.

Marine Safety – Legislative and Regulatory Enhancements

The *Canada Shipping Act, 2001* (CSA 2001) entered into force on July 1, 2007. Phase 1 of the Regulatory Review involved the reform of more than 50 existing regulations into an estimated 24 regulations, and included those regulations that were inconsistent with the provisions of the CSA 2001, as well as those that were deemed to have a substantial impact on safety and the environment. Phase 2 will begin once the CSA 2001 enters into force, and will involve modernizing the remaining regulations so as to ensure they are consistent with the requirements of the new Act. The CSA is the principal piece of legislation governing personal safety and environmental protection in Canada's marine sector. It applies to Canadian vessels operating anywhere and to foreign vessels operating in Canadian waters.

Transport Canada conducted extensive public consultations on Regulatory Review at the Spring and Fall 2006 regional and national meetings of the Canadian Marine Advisory Council (CMAC). In addition, several of the individual projects conducted outreach sessions with stakeholders at strategic locations across Canada in 2006. Other activities in 2006 included the development and delivery of cross-Canada orientation sessions for Marine Safety Inspectors on the new CSA 2001 Regime.

For more information visit
http://www.tc.gc.ca/marinesafety/rsqa/CSA2001RegRefSite/menu.htm

The *Maritime Labour Convention* (MLC) *2006* is an important new international labour Convention that sets out seafarers' rights to decent work conditions and helps to create conditions of fair competition for shipowners. It is intended to be globally applicable, easily understandable, readily updateable and uniformly enforced.

The decision by the International Labour Organisation (ILO) to move forward to create this major new maritime labour Convention was the result of a joint resolution in 2001 by the international seafarers' and shipowners' organizations, later supported by governments.

Representatives of Transport Canada and Human Resources and Social Development Canada - Labour Program were proactive on this project since its inception in 2001. While Canada participated in the development of the MLC 2006, Transport Canada developed, in consultation with the Canadian marine industry, a regulatory framework for the CSA 2001 in compliance with the MLC 2006.

Amendments to the *Pilotage Act* - Marine pilotage is an important element of safe marine navigation in Canada. Pilotage Authorities created under the *Pilotage Act* (Act) are Crown Corporations and are required by law to be financially self-sustaining; which in recent years has been difficult to achieve. The Act governs how Pilotage Authorities hire pilots, either as employees or pilot corporations, how they negotiate service contracts with pilot corporations, and imposes a regulatory review process additional to the Government's standard process - all of which can impinge upon an Authority's financial sustainability.

In January 2007, the Prime Minister authorized the department to undertake focused consultations on amendments to the *Pilotage Act*. The department held consultations across the country in February and March 2007.

For more information visit http://www.tc.gc.ca/marinesafety/Pilotage/menu.htm

Marine Safety - Smart Regulations - Inspection and Enforcement

Transport Canada has been busy developing a new compliance and enforcement regime for marine safety as a result of changes to the CSA 2001. Activities have included the development of a comprehensive enforcement policy and a detailed enforcement manual aimed at Marine Safety Inspectors.

A key component of the new CSA 2001 regime is the establishment of a new enforcement mechanism and new tools that will be supported by the new Administrative Monetary Penalties Regulations (AMPs). These regulations represent a completely new set of regulations for the marine sector. AMPs regulations involve an administrative process of enforcement, and therefore, marine violators who would be charged with an offence will no longer be required to attend criminal court proceedings under the administrative monetary penalties system. Violators who receive a penalty under the AMPs regulations will have the right to appeal the Transport Canada Marine Safety (TCMS) decision to the Transportation Appeal Tribunal of Canada.

During 2006, Marine Safety Inspectors carried out vessel inspections to ensure that regulatory requirements are respected and, consequently, public safety is protected. This inspection program is driven by legislative and regulatory requirements under the *Canada Shipping Act*. The CSA 2001 allows for greater flexibility in the program and inspections will be based on risk analysis and attention to particular problems identified as affecting public safety. The particulars of the reform of the inspection program will be detailed after the CSA 2001 comes into force.

Marine Safety Innovation – National Training Program

Transport Canada also funded the National Training Program that is responsible for the development and administration of technical training courses for the marine inspection community. This ensures inspectors are in compliance with changing rules and regulations and are knowledgeable of the acts and regulations impacting Marine Safety. In 2006-07, the program delivered 27 courses to 543 Marine Safety inspectors across Canada. Ongoing developments include on-the-job training, continued emphasis on small vessel inspections and backup for regional inspectors when they are assisting with the delivery of training courses. In addition, the development and delivery of cross-Canada orientation sessions for marine safety inspectors on the new CSA 2001 Regime.

Aviation Safety – Legislative and Regulatory Enhancements

The *Aeronautics Act* (Bill C-6) establishes the responsibility of the Minister of Transport, Infrastructure and Communities for civil aeronautical activities and the responsibility of the Minister of National Defence for military aeronautical activities. The legislation, which completed second reading in the House in April 2006, contributes to Transport Canada's ongoing commitment to enhancing the safety of the national transportation system. The changes proposed to the Act are reflective of the new strategies being implemented to regulate aviation safety by providing explicit enabling authority for newly evolved safety and regulatory initiatives such as those required for the implementation of safety management systems. The authority for Safety Management Systems Regulations is valid under the existing Act. However, the amendments are intended to maximize the effectiveness of the SMS safety framework and to facilitate implementation.

Transport Canada has completed most of the regulatory activity associated with safety management systems (SMS). The second phase of implementing SMS for specific certificate holders is now well underway. The implementation of the SMS program has been divided into four phases in order to work closely with operations in promoting & ensuring compliance with the new requirements. Phase three will commence shortly with a complete safety management implementation completed by 2009. Implementation activities for airports and air navigation service providers will commence in 2008. The implementation of the SMS program will result in improving safety through pro-active management rather than reactive compliance with regulatory requirements. Companies that have begun the implementation process have experienced demonstrable improvements in many areas of their organization.

Transport Dangerous Goods

Transport Canada's goal is to enhance international safety standards and regulations for transporting dangerous goods, without hindering trade. In 2006-07, Transport Canada's Transport of Dangerous Goods Directorate led the United Nations sub-committee of experts on the transport dangerous goods in reviewing testing requirements for intermediate bulk containers (IBCs), which resulted in the adoption in December 2006 of revisions to the United Nations Model Regulations that will enhance safety by tightening or, where necessary, clarifying the requirements for testing IBCs. These revisions will be adopted by the International Maritime Organization and other international regulatory bodies, and by national and regional regulatory authorities, thus enhancing international and domestic harmonization.

Road Safety

One of the key initiatives of Transport Canada is to reach an agreement with the automotive manufacturing industry concerning the manufacturing and use of in-vehicle telematic devices, including navigation, entertainment and internet access. The intention of this agreement is to develop a set of mutually agreed upon guidelines regarding the general principles and process elements that will guide product design and evaluation. Producing safer telematic devices will reduce the incidence of distraction and thus reduce collisions. The intention of the agreement is to give the industry more flexibility and opportunity for innovation in product design while not requiring the department to develop or maintain a regulatory requirement. The consultations to develop this agreement have been difficult with the industry not accepting the concept of process regulations. The negotiations are expected to continue this year with the expectation that the agreement will be reached later in the fiscal year.

Road Safety Vision 2010 – a mid-term review of this initiative has been completed in collaboration with the Canadian Council of Motor Transport Administrators and can be found on the following web site: http://www.ccmta.ca/english/committees/rsrp/rsrp.cfm. The results of the review and action plans for all jurisdictions will be presented to the Council of Deputy Ministers Responsible for Transportation and Highway Safety. The results show that some progress has been made on the overall 30 per cent national target and on some of the sub-targets (e.g. seat belt use is about 91 per cent, incidence of unbelted fatalities/serious injuries has declined, incidence of fatalities involving young drivers has decreased, intersection related fatalities and serious injuries have dropped) but much more needs to be done in the areas of weakness (speed-related collisions, impaired driving, car-truck collisions, vulnerable road users).

Railway Safety Act Review

The Minister has appointed an independent panel to review the *Railway Safety Act* in order to further improve railway safety in Canada and to ensure that all transportation sectors have comparable safety regimes. Transport Canada welcomes the participation of all concerned parties, including the general public, in this review. Public and stakeholder participation was solicited across the country and a draft report of recommendations to the Minister is due by the end of 2007. Contact information for the Transport Canada secretariat responsible for this review may be found at: http://www.tc.gc.ca/tcss/RSA_Review-Examen_LSF/org_e.htm

2.2.3 Safety and Security Management Systems

In Spring 2006, a working group was established, with representatives and subject matter experts from all directorates in the Safety and Security Group, to develop a consistent SMS/SeMS approach. The result was *Moving Forward - Changing the safety and security culture - A strategic direction for safety and security management,* a collaborative effort that outlines Transport Canada's overarching multimodal policy while respecting a range of initiatives in Safety and Security. For more information visit http://www.tc.gc.ca/tcss/StrategicPlan/menu.html .

Moving Forward will guide the Safety and Security Group in applying safety and security management in day-to-day transportation activities. This document outlines why this approach is needed, what is to be achieved and how progress will be made. It also articulates the challenges facing the industry and Transport Canada as well as the strategies to make progress in developing and sustaining a safety and security culture.

Safety Management Systems

Aviation Safety

The implementation of Safety Management Systems (SMS) involves a progressive development, and Transport Canada's Civil Aviation Directorate has adopted a phased-in approach to this implementation. The initial phase of SMS became effective through regulations in May 2005 and provided aviation organizations with the flexibility to decide how to meet the safety requirements. Following this initial phase, Transport Canada agreed to establish the Small Operator Pilot (SOP) Implementation Project to address industry concerns regarding the application of SMS to smaller air operators and aviation maintenance organizations. The SMS SOP project demonstrated that a safety management system could be successfully implemented and become a positive addition to a small operation. For more information on SMS in civil aviation, please visit: http://www.tc.gc.ca/CivilAviation/SMS/menu.htm.

Rail Safety

The Railway Safety Management Systems (RSMS) regulations, which came into effect on March 31, 2001, require railway companies subject to the *Railway Safety Act* (RSA) to implement and maintain safety management systems. Oversight of the implementation of SMS in the rail industry is carried out through the conduct of rail safety audits. A stakeholder forum on the experiences to date in implementing SMS in rail was planned for 2006-07, however, this was superseded by RSA Review Panel consultation sessions as there may have been potential conflicts in running concurrent sessions. Consequently, Transport Canada Rail Safety plans to hold this stakeholder forum in the latter part of 2007-08 to be followed by a formal review of the RSMS regulations and accompanying guidance material. For more information visit http://www.tc.gc.ca/railway/smsindex.htm.

Marine Safety

Marine safety management systems were implemented in 1998 on a worldwide basis for tankers, bulk carriers and passenger ships in international trade and were extended in 2002 to almost all vessels trading internationally. They are implemented through the Safety Management Regulations. To date, close to 82 Canadian vessels have obtained the required statutory certification issued by classification societies on behalf of Transport Canada. Through a well established monitoring program, Transport Canada directly monitored eight of the audits carried out by these authorized organizations and also reviewed 12 related audit reports in 2006. Transport Canada continues to support the voluntary adoption of SMS by vessels operating in Canadian waters and is reviewing the feasibility of implementing a SMS for operators of Canadian domestic vessels (including small passenger vessels).

Security Management Systems

Transport Canada has completed developing a conceptual framework outlining an approach to Security Management Systems (SeMS). This framework was developed in close consultation with a wide range of interested stakeholders. It is expected that SeMS will bring significant gains in security performance in a dynamic threat environment. For more information visit http://www.tc.gc.ca/tcss/StrategicPlan/Appendix-A/3/menu.html#s .

2.3 Strategic Outcome: An environmentally responsible transportation system that contributes to Canada's sustainable development objectives

Resource allocation to this strategic outcome for 2006-07 ($ thousands):

Planned Spending	Total Authorities	Actual Spending
$87,097	$74,831	$56,615

Note: The spending by Strategic Outcome includes a reallocation of departmental administration.

As displayed in the Main Estimates, the program activity under this strategic outcome is "Policies and programs in support of sustainable development".

This program activity encompasses the development and implementation of programs and policies to protect the natural environment and to achieve a more sustainable transportation system in Canada.

Transport Canada's *2006-2007 Report on Plans and Priorities* outlined a number of important areas for the department to focus its efforts in protecting the physical environment. The following section provides highlights of Transport Canada's progress in these areas by program priority.

Indicators of progress

- *Reduction of total GHG emissions per mode (road gasoline, road diesel, aviation fuel, rail diesel, marine fuel)*
- *Average fuel efficiency for light duty vehicles, light trucks, heavy duty trucks, locomotives and aircraft*
- *Reduction of freight GHG emissions by tonne-km for light trucks, medium trucks, heavy trucks, locomotives and vessels*
- *Average air pollutant per light-duty vehicle (where data is available)*
- *Decreased in air pollutant per tonne-km for for-hire-trucking, marine, rail and air*
- *Reduction of GHG emissions from Transport Canada activities*
- *Number of Transport Canada contaminated sites that have undergone remediation or risk management*

Results Achieved against the Indicators of progress

- Overall, GHG emissions from on-road gasoline vehicles increased by roughly 19.0 megatonnes (Mt) or 24 per cent between 1990 and 2004, while emissions from on-road diesel vehicles increased by 20.8 Mt or 81 per cent during the same period. The emissions intensity (emissions per level of activity) did, however, decline over the 1990 to 2003 period (the last for which this data is available), indicating some improvement. In comparison, between 1990 and 2004, domestic aviation and marine emissions increased modestly by 1.4 Mt and 1.6 Mt respectively (22 per cent and 32 per cent respectively) while rail emissions declined by 1 Mt or 14 per cent.

- Between 1990 and 2004 (the last year for which data is available), the average fuel efficiency in litres/100km improved by 10 per cent for cars, roughly 8 per cent for light trucks, and by 11 per cent for heavy-duty diesel trucks. Freight locomotives also experienced dramatic improvements in fuel use (34 per cent) while passenger aircraft fuel efficiency improved by 24 per cent.

- Between 1990 and 2004 (the last year for which data is available), GHG intensity levels (gms/tonne-km) for heavy-duty diesel trucks declined by 18 per cent, both domestic marine and rail had impressive improvements in GHG intensity (22 per cent and 34 per cent respectively), while aircraft GHG emissions per tonne-km increased by close to 29 per cent.

- In the ten years after 1990, criteria air contaminant emissions from each light duty vehicle have, on average, been dramatically reduced. Emissions, per vehicle, of fine particulate matter have dropped by roughly 38 per cent, Nitrogen Oxides (NO_x) emissions by 49 per cent, Volatile Organic Compounds (VOCs) emissions by 50 per cent, and Sulphur Oxides (SO_x) emissions by 1 per cent.

- Under the Federal House In Order initiative, Transport Canada is one of 11 federal government departments required to report fuel consumption and greenhouse gas (GHG) emissions. As one of the principle operational departments, Transport Canada took on a share of the target that is equivalent to a 4 percent reduction from its 1998-1999 baseline year, to be achieved by 2010. In fact, Transport Canada's GHG emissions were reduced from all departmental transportation activities and buildings, for a total of 17% in 2005-2006 (most recent data) relative to the baseline year of 1998-1999.

- Transport Canada maintains an inventory of its contaminated sites in the departmental Contaminated Sites Management Database. Of Transport Canada's 554 sites listed in the database, 234 sites have undergone remediation or risk management. A further 68 sites are currently being remediated while no action is required on 66 sites.

Program Priorities:	**2.3.1**	Climate Change
	2.3.2	Environmental Assessment
	2.3.3	Environmental Protection and Remediation

Transport Canada's Sustainable Development Strategy

Transport Canada's Sustainable Development Strategy (SDS) and the practice of sustainable development has become an integral part of the department's programs, policies and procedures. During the 2006-07 fiscal year, Transport Canada made notable progress towards achieving the remaining commitments within its 2004-2006 SDS, while concurrently developing the 2007-2009 strategy. For a summary of the progress made towards the 2004-2006 strategy, please visit http://www.tc.gc.ca/programs/environment/sd/sds0406.htm.

On December 13, 2006, Transport Canada tabled its fourth SDS in Parliament. This fourth strategy takes a long-term approach that includes focused, results-oriented commitments in areas that Transport Canada can make a difference. The department chose three themes at the heart of sustainable transportation in order to focus its efforts: urban transportation; commercial freight transportation; and marine transportation. In addition, the Government developed six federal sustainable development goals for the 2007-2009 SDS period. Many of the commitments within the department's SDS 2007-2009 serve to support the Government's goals. Please see table 14 for additional details on Transport Canada's SDS. For more information, please visit http://www.tc.gc.ca/programs/Environment/SD/menu.htm.

2.3.1 Climate Change and Clean Air

The Government of Canada is committed to the development and implementation of a plan, through its environmental agenda, for reducing greenhouse gases and ensuring clean air for Canadians. In February 2007, the Minister of Transport, Infrastructure and Communities announced the ecoTRANSPORT Strategy, which will provide over $100 million in funding towards new initiatives in clean transportation aimed at:

- improving the health of Canadians and the environment by reducing the environmental impacts of transportation;
- securing Canada's future prosperity and competitiveness by making critical transportation infrastructure sustainable – economically and environmentally; and, promoting an efficient transportation system that supports choice and the high quality of life that Canadians expect.

To date, achievements under the ecoTRANSPORT Strategy include:

- the ecoMOBILITY Program, which works with municipalities to help cut urban-passenger transportation emissions by making sustainable options more available and by reducing single occupant vehicle use;
- the ecoTECHNOLOGY for Vehicles Program, which will test and promote advanced environmentally friendly vehicle technologies, while building partnerships with the

automotive industry to address potential barriers to the introduction of new technologies in Canada;

- the ecoENERGY for Personal Vehicles Program (delivered by Natural Resources Canada [NRCan]), which will provide fuel consumption information and decision-making tools to encourage consumers to purchase fuel-efficient vehicles that are currently available in the market;
- the ecoFREIGHT Program, aimed at reducing the environmental and health effects of freight transportation through accelerated adoption of emissions-reducing technology;
- the ecoENERGY for Fleets program (delivered by NRCan), which encourages commercial and institutional fleets to take advantage of existing and emerging technologies, with a focus on driver education and energy management, and best practices.

For more information on these new initiatives, please visit http://www.ecoaction.gc.ca/ecofreight.

The government has also committed to regulating fuel-efficiency for new passenger cars and light trucks that will be sold in Canada beginning with the 2011 model year. The government announced in October 2006, under a Notice of Intent to Regulate, that it would regulate fuel efficiency under the *Motor Vehicle Fuel Consumption Standards Act*. Preliminary work on the development of regulations commenced in 2006-07, including the establishment of a Transport Canada task force to lead the work. NRCan, Transport Canada, Environment Canada, Finance Canada and Industry Canada are actively involved in this initiative.

A joint government-industry monitoring committee has been established to track the Canadian automotive industry's performance under an existing Memorandum of Understanding (MOU), which calls for a reduction of 5.3 megatonnes of greenhouse gases by 2010. Transport Canada, Environment Canada and Natural Resources Canada are represented on this committee. The Committee released its first progress update report in Summer 2006.

To increase consumer purchases of more energy efficient vehicles before the regulatory fuel-efficiency standards take effect in model year 2011, Budget 2007 announced a new Vehicle Efficiency Incentive (VEI) structure that covers the full range of passenger vehicles available today. The VEI came into effect on March 20, 2007, and has three distinct components: a performance-based rebate program offering up to $2000 for the purchase of a new fuel-efficient vehicle; neutral treatment of a broad range of vehicles with average fuel-efficiency that are widely purchased by Canadians; and a new Green Levy on fuel-inefficient vehicles. Transport Canada is responsible for administering the rebate program, known as the ecoAUTO program. The Government is aiming to make rebate payments in Fall 2007.

In sum, Transport Canada plays a lead role on climate change and clean air policy as it relates to transportation. It works with other government departments and stakeholders to develop and analyze new policies and measures, such as those announced under the ecoTRANSPORT strategy, for reducing emissions from the transportation sector.

Advanced Technology Vehicles Program

The Advanced Technology Vehicles Program (ATVP) seeks to encourage the supply and consumer demand of advanced technology vehicles in Canada and to determine the viability of emerging and future technologies in the Canadian context. In doing so, it provides support to the auto industry's efforts to meet a voluntary target of reducing greenhouse gas emissions from motor vehicles in Canada by 5.3 MT in 2010. In 2006-07, the program continued its strong outreach program to inform the public of the environmental and safety performance of a range of advanced technologies. Five new advanced vehicles were purchased in 2006-07. It successfully sponsored or attended approximately 20 individual events across Canada, ranging from major Canadian international auto shows (in Toronto, Montreal, Vancouver and Calgary) to consumer lifestyle or environmental shows. It also met collectively and individually with the auto industry to discuss collaboration on the program and to present program findings. The ATVP sunset on March 31, 2007, and was succeeded by the new and expanded ecoTECHNOLOGY for Vehicles program, which was announced in February 2007.

For further information on this initiative, please visit:
http://www.tc.gc.ca/programs/environment/atvpgm/menu.htm.

Fuel Consumption Program

The Motor Vehicle Fuel Consumption Program (MVFCP) administers the voluntary Government/Industry Fuel Consumption Program, in collaboration with Natural Resources Canada (NRCan). The specific responsibilities of Transport Canada relate to the administration of the voluntary fuel consumption targets for industry, including: publishing annual company average fuel consumption (CAFC) targets and reporting guidelines for companies selling new vehicles in Canada, collecting performance data and maintaining a comprehensive vehicle database, providing data to NRCan for the *Fuel Consumption Guide for Vehicles* and to provinces for related vehicle programs, and administering a confirmatory audit test program to confirm the accuracy of reported information. The MVFCP completed these activities on schedule, and initiated work with individual companies to review and improve the data in the database system. All information (with the exception of three companies who require additional time to address their data issues) is now complete and updated up to the 2005 model year (inclusive). In 2006-07, the MVFCP completed compliance testing on 13 vehicles as part of its confirmatory audit test program.

Freight Programs

In 2006-07, the Freight Efficiency and Technology Initiative (FETI) and the Freight Efficiency Program (FEP) continued to support energy-efficiency improvements in the goods movement sector through the funding of demonstration projects and projects to purchase and install efficiency-enhancing technologies. A total of eight technology demonstration projects in all freight modes (air, rail, truck and marine) were initiated to test and measure the impact of a range of technologies in real world operating conditions. Transport Canada committed approximately $1.06 million towards these eight projects in 2006-07. The Freight Incentives Program (FIP) initiated two projects to support the purchase and installation of emissions-reducing technologies in 2006-07, with $231,000 in committed funding. Work was completed on a total of 25 projects. Summaries of the results of the demonstration projects will be published on the Transport Canada website over 2007-08. These two contribution programs sunset on March 31, 2007, having successfully funded 38 different projects over four years.

Transport Canada continued its work under the Shipper Awareness Program with the Canadian Industrial Transportation Association (CITA), Supply Chain and Logistics (SCL) Canada and industry to enhance freight shippers' understanding of the environmental impacts of their business decisions, and improve the uptake of transportation alternatives available to them, with the aim of reducing greenhouse gas (GHG) emissions. In 2006-07 the department participated in the fall SCL symposia to raise the shippers' awareness of environmentally friendly approaches available to them. This work also included participation in CITA's second Confidential Benchmarking Survey, which surveyed the transportation and environmental policies and practices of the manufacturing sector and other industries in Canada. Transport Canada also worked in close collaboration with SCL to sponsor the first Green Shipper Award in Canada, to be presented to an organization in the supply chain that exceeds a high standard of environmental friendliness. The department completed environmental footprint background studies for the rail and marine sectors, and initiated a study of the trucking sector. These studies will be input, to analysis in 2007-08, to develop decision-making tools for freight shippers in Canada that incorporate environmental impact considerations.

Significant progress has been made with respect to the department's work to establish voluntary agreements with industry to reduce GHG emissions. The department, in collaboration with Environment Canada, concluded negotiation of an agreement to reduce greenhouse gas and air pollutant emissions with the Railway Association of Canada.

Urban Transportation Showcase Program

The Urban Transportation Showcase Program (UTSP) is a $40 million initiative to demonstrate and evaluate the impacts of integrated strategies to reduce GHG emissions from urban transportation and to disseminate information that encourages replication of successful practices. Municipalities in Halifax, Region of Waterloo, Greater Toronto Area/Hamilton, Whitehorse and Greater Vancouver continued to implement showcase demonstrations aimed at increasing the modal share of transit, cycling, walking and car-pooling. Three projects in Winnipeg, Quebec City, and Gatineau/Montreal were successfully launched, bringing the total number of showcases to eight. The program was extended to March 2009 as part of the interim strategy on existing climate change programs.

Preliminary results from showcases are promising. For example, the Halifax MetroLink Bus Rapid Transit project reported an 18 per cent increase in transit ridership and significant travel time savings on their new transit services under their showcase project.

The Program's Information Network continued to disseminate practical information on how cities are reducing the GHG emission impact of urban passenger transportation activity. The Information Network accomplishments included:

- an upgraded website that received 158,000 visitors, representing a 50 per cent increase over the previous year;
- the development of the web-based Transportation Demand Management Resource Centre;
- the sponsorship of 14 sustainable transportation learning events that attracted over 1100 transportation practitioners and other participants;
- the development of 12 case studies and issue papers highlighting effective sustainable transportation practices and policies, which received 5,632 visits on the UTSP website;
- the publication of an annual review that documented the progress and results of showcase demonstrations; and
- recognition of innovation and leadership by supporting two national sustainable urban transportation award programs.

For further information on the program, including the most recent Annual Review, please visit http://www.tc.gc.ca/programs/environment/utsp/menu.htm.

Moving On Sustainable Transportation

The Moving On Sustainable Transportation (MOST) program is a key departmental initiative for supporting innovative, community-based, sustainable transportation projects to facilitate a transition to a more sustainable transportation system. In 2006-07, the MOST Program completed funding for 32 projects that included: identifying the environmental benefits of tele-work; facilitating increased active transportation at elementary schools; piloting of transportation management associations; and examining the feasibility of transit services in rural communities.

In 2006-07, work was completed to renew and enhance the MOST program, in anticipation of the sunset of its program authority on March 31, 2007.

For further information on the renewed program, including the 2005 MOST Annual Review, please visit, please visit: http://www.tc.gc.ca/programs/environment/most/menu.htm .

Climate Change and Clean Air – Arctic Marine Shipping Assessment

Global climate change predictions include a significant reduction in Arctic sea ice, with potential for shipping to increase substantially in the future. Participation by all circumpolar countries in this major initiative is paramount to a successful outcome.

This assessment will look at shipping activity levels today and estimates in the future (2020 and 2050). It will serve to identify potential marine environmental and socio-economic impacts and will indicate where further efforts may be required to continue to protect the Arctic on a sustainable basis.

The Arctic Council's Protection of the Arctic Marine Environment (PAME) working group is studying the potential impacts of expanded marine activities on Arctic populations and their environment. Transport Canada, on behalf of the Arctic Council, is currently carrying out consultations in Canada for input into the Arctic Marine Shipping Assessment, an initiative co-led by Canada, Finland and the U.S. The full assessment will be completed over the 2006-2008 biennium with a final report expected in 2009.

2.3.2 Environmental Assessment

A total of 1,058 project environmental assessments (EA) were underway or completed by Transport Canada in 2006-07 in accordance with the *Canadian Environmental Assessment Act* (CEAA).

In order to support The Cabinet Directive on Strategic Environmental Assessment (SEA) of policy, plans and programs proposals, the EA group has continued their work raising awareness on SEA requirements and provided guidance and support to groups on completing the SEA process. In this reporting period, over a 100 proposals were received and analyzed, three training sessions were provided and response to SEA Audit was coordinated and provided to the Office of the Auditor General – Commissioner of the Environment and Sustainable Development.

For more information, please visit http://www.tc.gc.ca/programs/environment/environmentalassessment/menu.htm.

2.3.3 Environmental Protection and Remediation

Beginning in late 2004, Transport Canada launched a Transit Pass Program enabling employees of the 92 federal departments and agencies in the National Capital Region (NCR) to access discounted annual transit passes through payroll deduction or pre-authorized debit payment. With 90 departments enrolled in the program, the NCR program has been a notable achievement. Employee participation has reached 13,000 and the program has stimulated a 5-7 per cent increase in transit ridership among federal employees. In 2006-07, an evaluation of the NCR Transit Pass Program was completed and it revealed a high degree of satisfaction among federal employees enrolled in the program. The evaluation also recommended expanding the program beyond the NCR considering the cost-benefit of such an expansion.

The Great Lakes St. Lawrence Seaway (GLSLS) study is a joint Canada/U.S. effort to evaluate the future infrastructure needs of the St. Lawrence Seaway. Transport Canada, the U.S. Department of Transportation, the U.S. Army Corps of Engineers, the Canadian and U.S. Seaway entities, Environment Canada and the U.S. Fish and Wildlife Service have worked cooperatively to determine the future needs of the GLSLS, including the environmental, economic and engineering implications of those needs.

In January 2007, the environmental delivery team submitted its report to the project's management team. This document includes the following nine chapters of some 500 pages of text and illustrations:

- Study Overview
- General Description and Context of The Great Lakes St. Lawrence Seaway System
- Water Level Regimes

- Ecological Characteristics of The Great Lakes St. Lawrence River Basin
- Navigation Related Impacts
- Fish and Wildlife Resources and Navigation-Related Activities
- Environmental Impact Assessment (EIA)
- Trends and Qualitative Assessment of Expected Future Conditions
- Sustainable Navigation Perspective

In 2006-07, Transport Canada continued to undertake work detailed in its departmental Contaminated Sites Management Plan in support of the department's commitment to manage its sites in a responsible manner. The plan outlines the department's five-year strategy for managing its contaminated sites and identifying suspected contaminated sites. During 2006-07, Transport Canada spent $ 18.6 million on the assessment and remediation/risk management of contaminated sites. This includes $ 7.8 million from the Federal Contaminated Sites Action Plan (FCSAP). FCSAP funding was provided for 11 remediation and 13 assessment projects.

For more information, please visit
http://www.tc.gc.ca/programs/environment/contaminatedsites/menu.htm

Environmental Protection and Remediation – National Aerial Surveillance Program

Transport Canada keeps a watchful eye over ships transiting Canadian waters through its National Aerial Surveillance Program (NASP). The NASP is the primary tool for detecting ship-source pollution in waters under Canadian jurisdiction. Aerial surveillance is widely adopted internationally, and is considered to be the most effective method for the detection of oil spills.

In addition, newly acquired pollution surveillance aircraft flew its inaugural mission in fiscal 2006-07 aiding in the protection of Canada's ocean waters. Transport Canada will strive to continuously improve the effectiveness of the NASP to achieve its goal for Canada to be recognized as one of the most capable nations in aircraft marine reconnaissance.

2006-07 was a remarkable year for Transport Canada's NASP as 1,649 productive pollution patrol hours were flown, this is a new record for the NASP. This is a 67 per cent increase when compared to an average of 1,100 hours per year prior to 2004. Of the 1,649 hours, 84.3 hours were conducted in the Arctic; this was the second consecutive year that dedicated pollution surveillance was conducted over Arctic Waters. The total number of vessels over flown was 10,063, a 54 per cent increase when compared to 2004-05 when 6,539 vessels were over flown. This is an average of 6.1 vessels over flown per hour nationally. There were 98 pollution incidents detected, 87 were reported as mystery spills, where no positive source could be identified and 11 were reported as ship source spills. It was estimated that the NASP crews observed 2,107 litres of oil on the ocean surface during the reporting period. For more information visit http://www.tc.gc.ca/marinesafety/oep/ers/nasp.htm.

Environmental Protection and Remediation – The Canadian Ballast Water Program

The international community recognizes that uncontrolled discharge of ballast water and sediment has led to the transfer of harmful aquatic organisms and pathogens. The International Maritime Organization (IMO) has been addressing the issue since 1988 when Canada reported on invasive marine species in the Great Lakes. In response, the IMO adopted voluntary guidelines in 1991 to help prevent further introductions. In an attempt to control further transfers, members of the IMO signed the International Convention for the Control and Management of Ships' Ballast Water and Sediments (the Convention) on February 13, 2004.

In June 2006, Canada's voluntary ballast water management program was replaced with a mandatory regulatory program. The Ballast Water Control and Management Regulations require all vessels, with the exception of vessels specifically exempted from the regulations, to exchange or treat their ballast prior to ballast discharge in waters under Canadian jurisdiction.

There are thousands of aquatic species that may be carried in ships' ballast water, including bacteria and other microbes, micro-algae, and various life stages of aquatic plant and animal species. Ships travelling in Canadian waters carry thousands of tonnes of ballast water annually, making Canada vulnerable to the introduction of alien species from the ballast water discharged.

The Government of Canada is committed to protecting Canada's marine and freshwater environment. Transport Canada recognizes that uncontrolled discharge of ballast water and sediment can lead to the transfer of harmful aquatic organisms and pathogens with resulting negative impacts on industries such as fishing and aquaculture, and is committed to the introduction and enforcement of appropriate regulatory controls. The regulations introduced in June 2006 are not the final solution to the issue of reducing the risk of introductions from ships, but they are a significant step forward.

Transport Canada supports Canada's accession to the International Ballast Water Convention, and will be seeking the confirmation of other required departments and agencies in order that Canada may ratify this instrument. This is dependant on the development of suitable treatments systems and confirmation that the provisions of the Convention provide sufficient protection for Canada's waters.

For more information about The Canadian Ballast Water Program visit
http://www.tc.gc.ca/marinesafety/oep/environment/ballastwater/menu.htm

Environmental Protection and Remediation – Newfoundland Environmental Risk Assessment Study

With more than 280 million barrels of oil passing through the area every year, Placentia Bay on Newfoundland and Labrador's south coast is one of the busiest ports in Canada. Due to the growing offshore oil production, refining, and transhipment activity in Newfoundland, the Regional Advisory Council (RAC) requested that Transport Canada conduct a risk assessment study to assess the risks of pollution along the south coast of Newfoundland and to ensure that the response regime continues to be adequate should an oil spill occur.

The environmental risk assessment began in September 2005 and continued into this fiscal year. The study will provide Transport Canada with extremely valuable information in its governance role of Canada's Marine Oil Spill Preparedness and Response Regime. Once the results are in, Transport Canada can assess the level of preparedness provided by the Regime, given the level of environmental risk identified, and make necessary adjustments to the Regime as required.

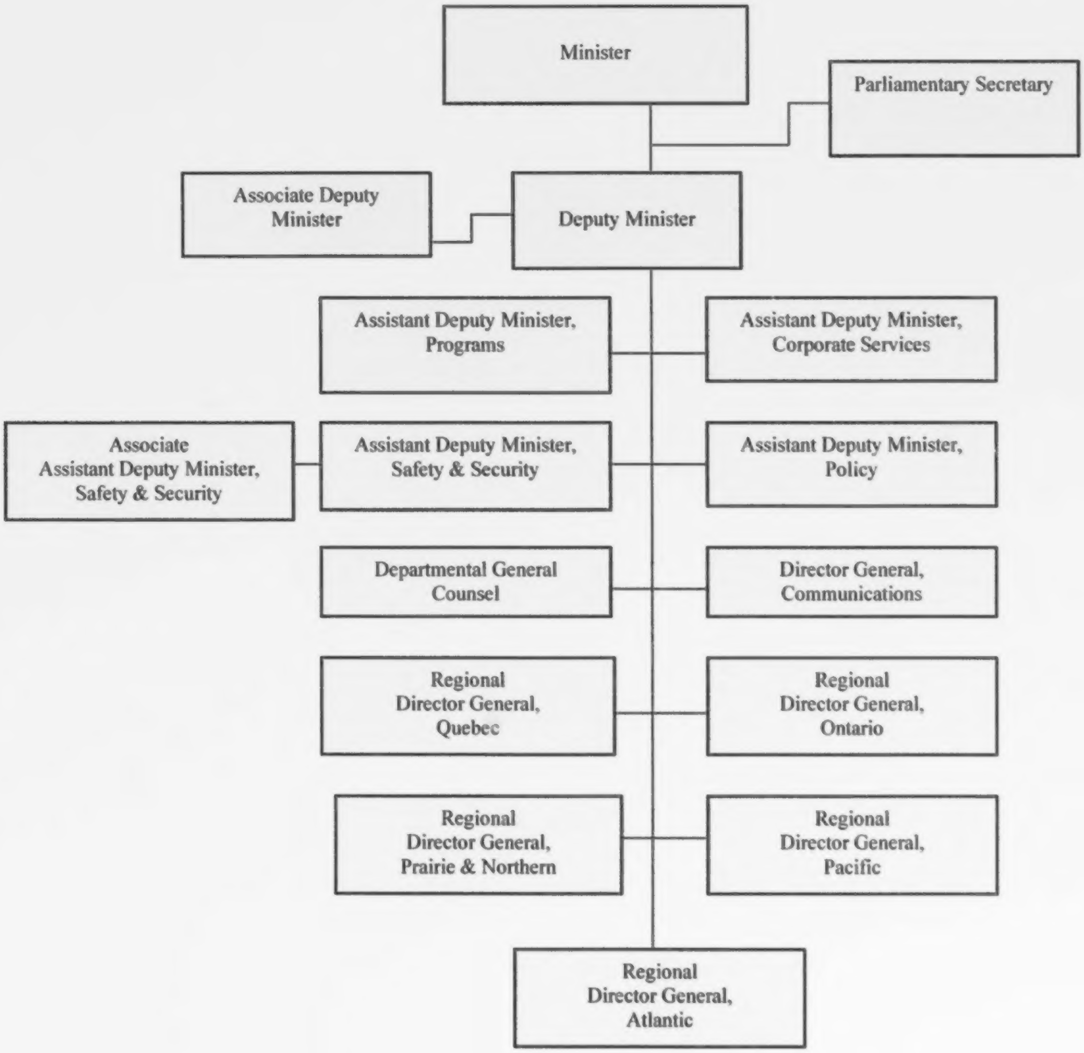
Transport Canada also continued to work towards reducing greenhouse gas emissions in the rail sector. Specifically, it worked with Environment Canada and the Railway Association of Canada on expanding the existing Environmental Performance Agreement to include more effective plans and targets to reduce greenhouse gas emissions, and control over toxic emissions.

SECTION III – SUPPLEMENTARY INFORMATION

3.1 Organizational Information

At Transport Canada headquarters, four Assistant Deputy Ministers — Policy, Programs, Corporate Services, Safety and Security — and an Associate Deputy Minister report to the Deputy Minister, in addition to Corporate Management, comprised of the Communications Group and Departmental General Counsel. Five Regional Directors General — Atlantic, Quebec, Ontario, Prairie and Northern, and Pacific — also report directly to the Deputy Minister. Each of these organizational heads is accountable for the management of his/her organization and for the delivery of results associated to the program activities as set out in the Program Activity Architecture.

DEPARTMENTAL ORGANIZATION CHART


Minister
Parliamentary Secretary
Associate Deputy Minister
Deputy Minister
Assistant Deputy Minister, Programs
Assistant Deputy Minister, Corporate Services
Associate Assistant Deputy Minister, Safety & Security
Assistant Deputy Minister, Safety & Security
Assistant Deputy Minister, Policy
Departmental General Counsel
Director General, Communications
Regional Director General, Quebec
Regional Director General, Ontario
Regional Director General, Prairie & Northern
Regional Director General, Pacific
Regional Director General, Atlantic

3.2 Financial Tables

Table 1: Comparison of Planned to Actual Spending (including FTEs)

($ thousands)						
			2006-07			
Program activity	2004-05 Actual	2005-06 Actual	Main Estimates	Planned Spending	Total Authorities	Actual
Policies, rulemaking, monitoring and outreach in support of a safe and secure transportation system	438,705	485,906	550,435	623,336	569,705	499,315
Canadian Air Transport Security Authority	501,171	428,766	381,366	466,962	446,966	441,068
Policies, programs and infrastructure in support of a market-based framework	338,214	333,826	110,159	146,965	179,695	145,797
Jacques Cartier and Champlain Bridges Inc.	32,019	31,288	30,488	42,288	32,578	32,178
Federal Bridge Corporation Limited	-	-	-	-	200	129
Marine Atlantic Inc.	72,907	70,233	80,980	80,980	84,980	82,080
VIA Rail Canada Inc.	191,301	169,001	169,001	169,001	169,001	169,001
Policies and programs in support of sustainable development	33,876	55,144	94,763	87,097	74,831	56,615
Total	**1,608,192**	**1,574,165**	**1,417,192**	**1,616,629**	**1,557,956**	**1,426,183***
Less: Non-respendable revenue	(48,017)	(76,128)	(32,734)	(32,734)	(137,287)	(137,287)
Plus: Cost of services received without charge	54,682	59,718	-	57,499	68,531	68,531
Total Department Spending	**1,614,858**	**1,557,755**	**1,384,458**	**1,641,394**	**1,489,200**	**1,357,427**
Full Time Equivalents	**4,718**	**4,873**	**4,900**	**4,900**	**4,900**	**4,854**

Due to rounding, columns may not add to total shown.

* Excludes $2.5 million non-budgetary investment in contributed surplus of Parc Downsview Park Inc. associated with a transfer of lands.

Table 2: Resources by Program Activity

Program Activity	2006-07 Budgetary ($ thousands)						
	Operating [1]	Capital	Grants	Contributions and Other Transfer Payments [2]	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures
Policies, rulemaking, monitoring and outreach in support of a safe and secure transportation system							
Main Estimates	493,406	32,991	430	68,005	594,833	(44,400)	550,435
Planned Spending	529,097	35,382	430	102,826	667,734	(44,400)	623,336
Total Authorities	538,723	35,274	310	55,121	629,428	(59,723)	569,705
Actual Spending	507,799	31,074	270	20,962	560,105	(60,790)	499,315
Canadian Air Transport Security Authority							
Main Estimates	305,905	75,461	-	-	381,366	-	381,366
Planned Spending	347,305	119,657	-	-	466,962	-	466,962
Total Authorities[3]	446,966	-	-	-	446,966	-	446,966
Actual Spending[3]	441,068	-	-	-	441,068	-	441,068
Policies, programs and infrastructure in support of a market-based framework							
Main Estimates	137,868	40,003	25,426	230,212	433,508	(323,349)	110,159
Planned Spending	153,600	46,812	39,690	230,212	470,314	(323,349)	146,965
Total Authorities	176,139	40,247	-	289,263	505,649	(325,953)	179,695
Actual Spending	174,317	37,708	-	258,629	470,654	(324,857)	145,797
Jacques Cartier and Champlain Bridges Inc.							
Main Estimates	29,291	1,197	-	-	30,488	-	30,488
Planned Spending	29,291	12,997	-	-	42,288	-	42,288
Total Authorities[3]	32,578	-	-	-	32,578	-	32,578
Actual Spending[3]	32,178	-	-	-	32,178	-	32,178
Federal Bridge Corporation Limited							
Main Estimates	-	-	-	-	-	-	-
Planned Spending	-	-	-	-	-	-	-
Total Authorities[3]	200	-	-	-	200	-	200
Actual Spending[3]	129	-	-	-	129	-	129

Table 2: Resources by Program Activity *(continued)*

Program Activity	2006-07 Budgetary ($ thousands)						
	Operating [1]	Capital	Grants	Contributions and Other Transfer Payments [2]	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures
Marine Atlantic Inc.							
Main Estimates	79,847	1,133	-	-	80,980	-	80,980
Planned Spending	79,847	1,133	-	-	80,980	-	80,980
Total Authorities[3]	84,980	-	-	-	84,980	-	84,980
Actual Spending[3]	82,080	-	-	-	82,080	-	82,080
VIA Rail Canada Inc.							
Main Estimates	169,001	-	-	-	169,001	-	169,001
Planned Spending	169,001	-	-	-	169,001	-	169,001
Total Authorities[3]	169,001	-	-	-	169,001	-	169,001
Actual Spending[3]	169,001	-	-	-	169,001	-	169,001
Policies and programs in support of sustainable development							
Main Estimates	61,990	3,461	-	29,383	94,834	(69)	94,763
Planned Spending	69,283	3,461	-	14,424	87,168	(69)	87,097
Total Authorities	62,390	3,604	-	8,906	74,900	(69)	74,831
Actual Spending	46,548	2,473	-	7,691	56,712	(97)	56,615
Total							
Main Estimates	1,277,308	154,246	25,856	327,600	1,785,010	(367,818)	1,417,192
Planned Spending	1,377,424	219,442	40,120	347,462	1,984,447	(367,818)	1,616,629
Total Authorities	1,510,977	79,125	310	353,290	1,943,702	(385,745)	1,557,956
Actual Spending	1,453,120	71,255	270	287,282	1,811,927	(385,745)	1,426,183

Due to rounding, columns may not add to total shown.

Notes:

1. Operating includes statutory payments for employee benefit plans, Minister's allowances, previous years' refunds, payments in respect of the St. Lawrence Seaway Agreement, and proceeds from the disposal of surplus Crown assets.
2. Contributions and Other Transfer Payments include Statutory Payments for Victoria Bridge (Montreal) and the Northumberland Strait Crossing subsidy.
3. Total Authorities and Actual Spending under each Crown corporation: Represents the payment by Transport Canada of the money appropriated to the Crown corporation. It does not differentiate between the operating and capital expenditures made by the Crown corporation.

Table 3: Voted and Statutory Items

Vote or Statutory Item	Truncated Vote or Statutory Wording	2006-07 ($ thousands)			
		Main Estimates	Planned Spending	Total Authorities	Actual
1	Operating expenditures	234,692	293,408	301,080	253,862
5	Capital expenditures	76,455	85,655	79,125	71,255
10	Grants and Contributions	296,228	330,354	297,173	231,125
15	Payments to Jacques Cartier and Champlain Bridges Inc.	30,488	42,288	32,578	32,178
20	Payments to Marine Atlantic Inc.	80,980	80,980	84,980	82,080
25	Payments to VIA Rail Inc.	169,001	169,001	169,001	169,001
30	Payments to the Canadian Air Transport Security Authority	381,366	466,962	446,966	441,068
33a	Payments to the Federal Bridge Corporation	-	-	200	129
(S)	Minister of Transport Canada – Salary and motor car allowance	73	73	73	73
(S)	Contributions to employee benefit plans	66,781	66,781	64,094	64,094
(S)	Payments to Canadian National Railway Company in respect of the termination of the collection of tolls on the Victoria Bridge, Montreal and for the rehabilitation work on the roadway portion of the Bridge	3,300	3,300	2,163	2,163
(S)	Payments in respect of the St. Lawrence Seaway agreements	23,900	23,900	23,927	23,927
(S)	Northumberland Strait Crossing subsidy payment	53,928	53,928	54,265	54,265
(S)	Spending of proceeds from the disposal of surplus Crown assets	-	-	2,332	963
(S)	Refunds of amounts credited to revenues in previous years	-	-	-	-
	Total	**1,417,192**	**1,616,629**	**1,557,956**	**1,426,183**

Due to rounding, columns may not add to total shown.
(S): Statutory

Table 4: Services Received Without Charge

	2006-07 ($ thousands)
Accommodation provided by Public Works and Government Services Canada (PWGSC)	25,560
Contributions covering employer's share of employees' insurance premiums and expenditures paid by Treasury Board Secretariat (excluding revolving funds). Employer's contribution to employees' insured benefits plans and expenditures paid by TBS.	30,631
Worker's compensation coverage provided by Human Resources and Social Development Canada	3,802
Salary and associated expenditures of legal services provided by Justice Canada	8,538
Total Services Received Without Charge	**68,531**

Due to rounding, columns may not add to total shown.

Table 5: Sources of Respendable and Non-Respendable Revenue

($ thousands)						
			2006-07			
Respendable Revenue [1]	Actual 2004-05	Actual 2005-06	Main Estimates	Planned Revenue	Total Authorities	Actual
Policies, rulemaking, monitoring and outreach in support of a safe and secure transportation system						
Canadian aviation regulation user fees	7,862	8,291	8,648	8,648	8,648	8,090
Aircraft maintenance and flying services	30,710	29,700	25,646	25,646	34,369	34,369
Marine safety regulation user fees	8,282	8,313	7,544	7,544	7,544	8,170
Revenues from the Registrar of Imported Vehicles Program	1,962	2,423	600	600	4,600	4,600
Inspections and certifications	1,529	2,119	292	292	1,792	1,751
Lease payments from the Motor Vehicle Test Center	354	290	155	155	155	257
Rentals and concessions	761	840	598	598	598	981
Sales and training	842	1,071	812	812	812	823
Research and development	448	-	-	-	1,100	1,117
Miscellaneous	225	698	106	106	105	632
Sub-total	**52,975**	**53,746**	**44,400**	**44,400**	**59,723**	**60,790**
Policies, programs and infrastructure in support of a market-based framework						
Air services forecasts revenues	253	235	160	160	160	221
Public port revenues from user fees and wharf permits	10,448	9,032	8,577	8,577	8,577	8,553
Airport revenues from user fees and service contracts	5,320	5,038	4,690	4,690	4,690	4,991
Airports Authorities – lease and chattel payments	241,862	288,320	299,894	299,894	302,498	302,513
Research and development	3,566	2,550	1,744	1,744	1,744	1,406
Rentals and concessions	8,341	8,124	7,574	7,574	7,574	6,895
Sales and training	191	112	109	109	109	129
Inspection and certification	-	-	-	-	-	3
Miscellaneous	558	263	602	602	601	146
Sub-total	**270,539**	**313,675**	**323,349**	**323,349**	**325,953**	**324,857**
Policies and programs in support of sustainable transportation						
Rentals and concessions	37	39	62	62	62	78
Sales and training	-	-	-	-	-	6
Miscellaneous	45	8	7	7	7	13
Sub-total	**82**	**47**	**69**	**69**	**69**	**97**
Total Respendable Revenue	**323,596**	**367,468**	**367,818**	**367,818**	**385,745**	**385,745**

Table 5: Sources of Respendable and Non-Respendable Revenue *(continued)*

($ thousands)						
			2006-07			
Non-Respendable Revenue[2]	Actual 2004-05	Actual 2005-06	Main Estimates	Planned Revenue	Total Authorities	Actual
Non-navigational assets – St. Lawrence Seaway[3]	8,486	10,385	5,200	5,200	7,461	7,461
Canada Port Authority stipends	10,844	11,698	12,534	12,534	12,033	12,033
Royalties from research and development	52	61	-	-	23	23
Hopper cars (leases, damage settlements and demurrage charges)	17,386	17,701	15,000	15,000	12,716	12,716
Return on investments-Crown Corporations[4]	-	-	-	-	87,865	87,865
Return on investments – Others[5]	205	5,882	-	-	70	70
Refunds of previous year's expenditures	1,851	16,225	-	-	426	426
Adjustments to previous year's payables	4,862	6,794	-	-	7,234	7,234
Permits for transportation of explosives	130	37	-	-	33	33
Fines & penalties	1,329	893	-	-	898	898
Proceeds from sales	1,243	-	-	-	-	-
Proceeds from disposal of surplus Crown assets	1,170	963	-	-	1,369	1,369
Proceeds from sale of real property	-	5,059	-	-	6,614	6,614
Interest revenue from divested airports	-	20	-	-	-	-
Miscellaneous	458	410	-	-	545	545
Total Non-Respendable Revenue	**48,017**	**76,128**	**32,734**	**32,734**	**137,287**	**137,287**

Due to rounding, columns may not add to total shown.

Notes:

1. For consistency with amounts published in the Public Accounts (Details of Respendable Amounts), the respendable revenue categories include a share of departmental administration's respendable revenue.
2. Respendable revenues are on a modified cash basis and do not necessarily correspond to Public Accounts Form E which is prepared on an accrual basis.
3. Revenues from the St-Lawrence Seaway Management Corporation for managing Real Property Operations.
4. Dividends received from Canada Post Corp. $79.6M, Canada Lands Co. $7.2 million and Royal Canadian Mint $1.0M.
5. Includes Andrew Ferry seaway and remittances from Jacques Cartier & Champlain Bridges Inc.

Table 6: Resource Requirements by Branch/Sector level

($ thousands)					
Organization [1]	**Policies, Rulemaking, Monitoring and Outreach in support of a safe and secure transportation system**	**Policies, Programs and Infrastructure in support of a market-based framework**	**Policies and Programs in support of sustainable development**	**Crown corporations**[2]	**Total**
Assistant Deputy Minister, Safety and Security					
Planned Spending	399,024	-	-	-	399,024
Actual Spending	281,104	-	-	-	281,104
Assistant Deputy Minister, Policy					
Planned Spending	-	176,278	-	-	176,278
Actual Spending	-	154,050	-	-	154,050
Assistant Deputy Minister, Programs [3]					
Planned Spending	-	(102,287)	71,810	-	(30,477)
Actual Spending	2,215	(131,418)	25,231	-	(103,973)
Regional Director General, Atlantic					
Planned Spending	39,199	8,349	2,913	-	50,461
Actual Spending	36,876	12,209	5,339	-	54,423
Regional Director General, Quebec					
Planned Spending	45,171	35,902	2,841	-	83,914
Actual Spending	45,332	54,195	7,824	-	107,351
Regional Director General, Ontario					
Planned Spending	49,666	12,945	2,465	-	65,076
Actual Spending	45,238	17,227	4,772	-	67,237
Regional Director General, Prairie and Northern Region					
Planned Spending	48,882	9,909	3,580	-	62,371
Actual Spending	45,729	29,281	5,985	-	80,995
Regional Director General, Pacific					
Planned Spending	41,394	5,869	3,488	-	50,751
Actual Spending	42,823	10,253	7,464	-	60,540
Total					
Planned Spending	623,336	146,965	87,097	759,231	1,616,629
Actual Spending	499,315	145,797	56,615	724,456	1,426,183

Due to rounding, columns may not add to totals shown.

Notes:

1. The expenditures by organization presented under each program activity include a portion of departmental administration expenditures.
2. The Crown corporations presented in Transport Canada's Program Activity Architecture are the Canadian Air Transport Security Authority, Jacques Cartier and Champlain Bridges Inc., Marine Atlantic Inc., the Federal Bridge Corporation and VIA Rail Canada Inc. See Table 1 for their respective financial resources.
3. The sector "Assistant Deputy Minister – Programs" includes all the Vote Netted Revenue recorded under the Program Activity "Policies, Programs and Infrastructure in support of a market based framework". The planned Vote Netted Revenue is higher than expenses for that sector therefore the amount is presented in brackets.

Table 7-A: 2006-07 User Fee Reporting: *User Fees Act*

				($ thousands)							
				2006-07					Planning Years		
A. User Fee	Fee Type[1]	Fee-Setting Authority	Date Last Modified [B]	Forecast Revenue[3] ($000)	Actual Revenue[3] ($000)	Full Cost[2] ($000)	Performance Standard[4]	Performance Results[4]	Fiscal Year	Forecast Revenue [3] ($000)	Estimated Full Cost[2] ($000)
Aviation Safety - Regulatory Fees (Note 5)	R	*Aeronautics Act* http://laws.justice.gc.ca/en/A-2/index.html Canadian Aviation Regulations (CARs) fees located at: http://www.tc.gc.ca/civilaviation/regserv/affairs/cars/menu.htm	July 15, 2000 Other amendments (regulations or charges reductions) beyond July 15, 2000 did not trigger the *User Fee Act*.	8,647	8,090 respendable	254,188	http://www.tc.gc.ca/CivilAviation/servicestandards.htm	General Aviation (GA) has recently improved its website in order to record and display levels of service for Aircraft Registration activities (aircraft registration, leasing and deletion). This improvement allows clients to monitor the completion of that activity over the Internet and shows if the service was completed on time. This pilot project will be used for other activities. The GA website link on Aircraft Registration and Leasing Service Levels is provided for reference http://www.tc.gc.ca/aviation/activepages/ccarcs/aspscripts/en/levelsearch.asp	FY 07-08 FY 08-09 FY 09-10	8,375 8,328 8,332	258,825 244,741 254,520

Table 7-A: 2006-07 User Fee Reporting: *User Fees Act (continued)*

A. User Fee	Fee Type[1]	Fee-Setting Authority	Date Last Modified [8]	($ thousands)							
				2006-07					Planning Years		
				Forecast Revenue[3] ($000)	Actual Revenue[3] ($000)	Full Cost[2] ($000)	Performance Standard[4]	Performance Results[4]	Fiscal Year	Forecast Revenue [3] ($000)	Estimated Full Cost[2] ($000)
Marine Safety - Fees for inspections, surveys, services, etc.	R	Various regulations under the *Canada Shipping Act* (http://laws.justice.gc.ca/en/S-9/index.html) incl. the Board of Steamship Inspection Scale of Fees; Ships Registry and Licensing Fees Tariff; http://www.tc.gc.ca/acts-regulations/general/c/csa/menu.htm	6 June, 1995 Subsequent amendments to Regulations were not fee related.	7,322	7,917 respendable	88,243	http://www.tc.gc.ca/marinesafety/service-standards/menu.htm	Progress is being made and some performance results based on temporary manual tracking will likely be available for 2007-08 DPR.	FY 07-08 FY 08-09 FY 09-10	7,412 7,382 7,382	81,230 84,291 84,679
Marine Safety - Office of Boating Safety - Construction Standard Compliance Labels	R	*Canada Shipping Act* /Small Vessel Regulations / TP 1332 incorporated by reference http://www.tc.gc.ca/actsregulations/GENERAL/C/CSA/regulations/070/csa076/csa76.html and TP 1332:	1995 Subsequent amendments to Small Vessel Regulations were not fee related.	222	209 respendable	682	http://www.tc.gc.ca/marinesafety/service-standards/fees.htm#OBS_Compliance_Labels	Progress is being made and some performance results based on temporary manual tracking will likely be available for 2007-08 DPR.	FY 07-08 FY 08-09 FY 09-10	210 210 210	753 603 612

Table 7-A: 2006-07 User Fee Reporting: *User Fees Act (continued)*

				($ thousands)							
				2006-07					Planning Years		
A. User Fee	**Fee Type[1]**	**Fee-Setting Authority**	**Date Last Modified [B]**	**Forecast Revenue[3] ($000)**	**Actual Revenue[3] ($000)**	**Full Cost[2] ($000)**	**Performance Standard[4]**	**Performance Results[4]**	**Fiscal Year**	**Forecast Revenue [3] ($000)**	**Estimated Full Cost[2] ($000)**
		http://www.tc.gc.ca/MarineSafety/tp/TP1332/menu.htm									
Marine Safety - Ship Radio Inspection Program (Note 6)	R	*Canada Shipping Act* /Ship Radio Inspection Fees Regulations http://www.tc.gc.ca/acts-regulations/GENERAL/c/csa/regulations/060/csa062/csa62.html	1978	80	48 respendable	1,017 Department of Fisheries and Oceans (DFO) full cost share included above: 311	http://www.tc.gc.ca/marinesafety/service-standards/menu.htm	Progress is being made and some performance results based on temporary manual tracking will likely be available for 2007-08 DPR.	FY 07-08 FY 08-09 FY 09-10	48 48 48	951 951 951 Department of Fisheries and Oceans (DFO) full cost share included above: 310
Airports – Air Services Charges Regulations (ASCR) fees: General Terminal Fees, Landing Fees, Aircraft Parking Charges,	O	Section 4.4 (2) of the *Aeronautics Act* (http://laws.justice.gc.ca/en/A-2/index.html), and Section 2 of the Ministerial Regulations Authorization Order - Air Services	Aug. 31, 2003	4,509	4,768 respendable	12,208	http://www.tc.gc.ca/programs/airports/standards.htm	http://www.tc.gc.ca/programs/airports/standards.htm	FY 07-08 FY 08-09 FY 09-10	4,937 4,952 4,952	11,227 11,227 11,226

Table 7-A: 2006-07 User Fee Reporting: *User Fees Act (continued)*

				($ thousands)							
				2006-07					Planning Years		
A. User Fee	**Fee Type[1]**	**Fee-Setting Authority**	**Date Last Modified [B]**	**Forecast Revenue[3] ($000)**	**Actual Revenue[3] ($000)**	**Full Cost[2] ($000)**	**Performance Standard[4]**	**Performance Results[4]**	**Fiscal Year**	**Forecast Revenue [3] ($000)**	**Estimated Full Cost[2] ($000)**
Emergency response services charges. (Note 7)		Charges Regulations http://www.tc.gc.ca/acts-regulations/General/A/aa/regulations/120/aa129a/aa129a.html									
Airports - Annual Registration of Mobile Equipment used at Airports (Note 7)	O	*Government Property Traffic Act* and Airport Traffic Regulations - Part III Section 57 to 60 http://www.tc.gc.ca/acts-regulations/GENERAL/d/dta/regulations/001/dta002/dta002.html	Feb. 24, 2004	0.2	1.2 respendable	4.5	http://www.tc.gc.ca/programs/airports/standards.htm	http://www.tc.gc.ca/programs/airports/standards.htm	FY 07-08 FY 08-09 FY 09-10	1 1 1	4 4 4
Airports - Vehicle Parking Charges (Note 7)	O	Section 4.4(2) of the *Aeronautics Act* (http://laws.justice.gc.ca/en/A-2/index.html) and Section 2 of the Ministerial Regulations Authorization Order, Airport Vehicle	Nov. 19,1998	173	210 respendable	1,252	http://www.tc.gc.ca/programs/airports/standards.htm	http://www.tc.gc.ca/programs/airports/standards.htm	FY 07-08 FY 08-09 FY 09-10	209 209 209	1,152 1,152 1,152

Table 7-A: 2006-07 User Fee Reporting: *User Fees Act (continued)*

				($ thousands)							
				2006-07					Planning Years		
A. User Fee	**Fee Type[1]**	**Fee-Setting Authority**	**Date Last Modified [B]**	**Forecast Revenue[3] ($000)**	**Actual Revenue[3] ($000)**	**Full Cost[2] ($000)**	**Performance Standard[4]**	**Performance Results[4]**	**Fiscal Year**	**Forecast Revenue [3]($000)**	**Estimated Full Cost[2] ($000)**
		Parking Charges Regulations http://www.tc.gc.ca/acts-regulations/GENERAL/A/aa/regulations/130/aa131/aa131.html - COU40H.KENORP.84YVFE.2									
Ports - Public Port Revenues: Utility Charges, Wharfage, Berthage, Storage and Harbour Dues	O	*Canada Marine Act* http://laws.justice.gc.ca/en/C-6.7/index.html Fees at: http://www.tc.gc.ca/programs/ports/menupublicportfees.htm	Jan 1, 2004	8,525	8,499 respendable	39,107	http://www.tc.gc.ca/programs/ports/standards.htm	http://www.tc.gc.ca/programs/ports/standards.htm	FY 07-08 FY 08-09 FY 09-10	8,358 8,374 8,374	27,821 27,786 27,786
Permits for Vehicles used for the Transportation of Explosives (Note 8)	R	*Explosives Act* Section 7: http://laws.justice.gc.ca/en/showdoc/cs/e-17/bo-ga:s_7//en#anchorbo-ga:s_7 and Explosives Regulations Part III Section	1993	37	34 non respendable	38	95 per cent of the time, will deliver: a) a decision accepting or rejecting a complete new factory application within 60 days after	service standard met 100 per cent of time	FY 07-08 FY 08-09 FY 09-10	30 0 0	31 0 0

Table 7-A: 2006-07 User Fee Reporting: *User Fees Act (continued)*

				($ thousands)							
				2006-07					Planning Years		
A. User Fee	**Fee Type[1]**	**Fee-Setting Authority**	**Date Last Modified [B]**	**Forecast Revenue[3] ($000)**	**Actual Revenue[3] ($000)**	**Full Cost[2] ($000)**	**Performance Standard[4]**	**Performance Results[4]**	**Fiscal Year**	**Forecast Revenue [3]($000)**	**Estimated Full Cost[2] ($000)**
		31. (1) i http://laws.justice.gc.ca/en/showdoc/cr/C.R.C.-c.599/bo-ga:l_III//en#anchorbo-ga:l_III					receipt, and b) a decision accepting or rejecting any other type of complete application within 30 days after receipt.	service standard met 100 per cent of time			
Access to Information Requests – Fees (Note 9)	O	*Access to Information Act* and Regulations : http://laws.justice.gc.ca/en/A-1/index.html	1992	9	6 non respendable (Consolidated Revenue Fund)	1,207	Service Standards are included in the *Access to information Act*, Section 7: http://laws.justice.gc.ca/en/showdoc/cs/A-1/bo-ga:s_4-gb:s_6//en#anchorbo-ga:s_4-gb:s_6	Statutory deadlines have been met for 82 per cent of requests. 100 per cent of extension notices were sent within 30 days following the receipt of the request. 100 per cent of transfer notices were sent within 15 days.	FY 07-08 FY 08-09 FY 09-10	6 6 6	1,199 1,199 1,199
Total Regulatory Services (R)			**Sub-total (R)**	**16,308.0**	**16,298.0**	**344,168.0**		**Sub-total R:** **Sub-total R:** **Sub-total R:**	**FY 07-08** **FY 08-09** **FY 09-10**	**16,075.0** **15,968.0** **15,972.0**	**341,790.0** **330,586.0** **340,762.0**
Total Other Goods and Services (O)			**Sub-total (O)**	**13,216.2**	**13,484.2**	**53,778.5**		**Sub-total O:** **Sub-total O:** **Sub-total O:**	**FY 07-08** **FY 08-09** **FY 09-10**	**13,511.0** **13,542.0** **13,542.0**	**41,403.0** **41,368.0** **41,367.0**

Table 7-A: 2006-07 User Fee Reporting: *User Fees Act (continued)*

				($ thousands)							
				2006-07					Planning Years		
A. User Fee	**Fee Type[1]**	**Fee-Setting Authority**	**Date Last Modified [B]**	**Forecast Revenue[3] ($000)**	**Actual Revenue[3] ($000)**	**Full Cost[2] ($000)**	**Performance Standard[4]**	**Performance Results[4]**	**Fiscal Year**	**Forecast Revenue [3] ($000)**	**Estimated Full Cost[2] ($000)**
Report Total			**Total**	**29,524.2**	**29,782.2**	**397,946.5**		**Total**	**FY 07-08**	**29,586.0**	**383,193.0**
									FY 08-09	**29,510.0**	**371,954.0**
									FY 09-10	**29,514.0**	**382,129.0**
B. Date Last Modified: Subsequent amendments to regulations were not fee related and did not trigger the *User Fee Act*											
C. Other Information [10]: In addition to the complaint mechanism included in various acts and regulations (e.g. Access to Information and Privacy requests http://laws.justice.gc.ca/en/showdoc/cs/A-1/bo-ga:s_30//en#anchorbo-ga:s_30), several complaint mechanisms have been developed and implemented for service standards related to user fees at public ports: http://www.tc.gc.ca/programs/ports/standards.htm and Transport Canada operated airports http://www.tc.gc.ca/programs/airports/standards.htm for the Canadian Aviation Regulations (Civil Aviation Issues Reporting System [CAIRS]) http://www.tc.gc.ca/civilaviation/managementservices/qa/cairs.htm. A complaint mechanism policy "Handling of Complaints Related to Marine Safety User Fees and Applicable Service Standards" is now available on the web at: http://www.tc.gc.ca/marinesafety/service-standards/handling-complaints.htm											

Due to rounding, columns may not add to totals shown.

The Internet links in this report may change following publication, since the various websites are updated regularly.

Notes:

1. The department collects two types of fees: Regulatory Service (R) and Other Goods and Services (O).

2. Full Costs (Actual and Estimates) are reported on an accrual basis. Represent the full cost of providing service, good, facility or privilege. Full cost is not necessarily fully attributed to fee-paying clients and a lower cost recovery level may be required based on stakeholders paying capability, etc.

   Consistent with instructions for the DPR, Full Costs are calculated according to costing principles identified in the Treasury Board Secretariat's Guide to the Costing of Outputs Full Costs are defined as (Source: Treasury Board Secretariat's Guide to the Costing of Outputs in the Government of Canada-1994):

   "The sum of all costs, direct and indirect, incurred by the government in the supply of a good, service, property, or right or privilege, including: services provided without charge by other departments (e.g., accommodation, employer contributions to insurance plans); costs financed by separate authorities (e.g., some employee benefits) ; the financing costs of inventories; and annualized capital costs, including financing. However, since the primary focus of this guide is full costing for cost recovery, transfer payments have not been included".

3. The Forecast Revenues identified for the 2007-08, 2008-09 and 2009-10 fiscal years were those reported in the Report on Plans and Priorities 2007-08 and are reported on a cash basis as for Actual.

4. According to prevailing legal opinion, where the corresponding fee introduction or most recent modification occurred prior to March 31, 2004, the:

   - Performance standard, if provided, may not have received Parliamentary review;
   - Performance standard, if provided, may not respect all establishment requirements under the *User Fees Act* (UFA) (e.g. international comparison; independent complaint address); and
   - Performance result, if provided, is not legally subject to UFA section 5.1 regarding fee reductions for failed performance.

5. Aviation Safety – Regulatory fees: Revision to standards, measurement is ongoing with the National Working Group on Services Standards. Pilot Project is currently in place in the Ontario Region to introduce ccmMercury as a possible tool to electronically manage, track and improve Civil Aviation's administrative and program related work processes. This project includes the development of methods and mechanisms to measure and report on service level performance including in those areas where regulatory fees are charged. Prototype testing is in place since April 2007 and will be finalized in Fall 2007. Recommendations will be made to Transport Canada Civil Aviation (TCCA) Authority for regional and national deployment.

6. Marine Safety - Ship Radio Inspection Program - Represents the full cost of providing inspection services. However, the User Fee is to recover the cost of overtime and travel only - 100 per cent cost recovery.

7. Airports User Fees - Exclude revenues and costs from sites divested in 2006-07 or earlier.

8. Permits for vehicles used for the Transportation of Explosives: Natural Resources Canada has entered into an agreement with Transport Canada for the issuance of these permits. Amendments to the Transportation of Dangerous Goods Regulations, which will abolish this permit program, are forecast to come into effect in early 2008.

9. Access to Information Requests - Fees: The *Access to Information Act* has provisions to waive fees.

10. Main achievement in improving service - In 2006 and 2007, Transport Canada in its commitment to provide quality services and client satisfaction, has also implemented dispute mechanisms that apply to services, use of facilities and provision of goods for which user fees are charged. This initiative ensures that stakeholders' concerns and complaints are handled immediately and redress mechanisms undertaken as appropriate. Internet web site links to various dispute mechanisms are identified under "Other Information" in the two Tables for User fee (Table 7-A) and External Fee reporting (Table 7-B).

Table 7-B: 2006-07 External Fee Reporting: Policy on Service Standards for External Fees

A. External Fee	Service Standard[1]	Performance Result[1]	Stakeholder Consultation
Aviation Safety – Regulatory Fees[2]	http://www.tc.gc.ca/CivilAviation/servicestandards.htm	General Aviation has recently improved its website in order to record and display levels of service for Aircraft Registration activities (aircraft registration, leasing and deletion). This improvement allows clients to monitor the completion of that activity over the Internet and shows if the service was completed on time. This pilot project will be used for other activities. The GA website link on Aircraft Registration and Leasing Service Levels is provided for reference http://www.tc.gc.ca/aviation/activepages/ccarcs/aspscripts/en/levelsearch.asp.	Consultations with stakeholders were last undertaken in 1997 for all fees and in 2000 and 2004 for specific fees. Fees published in *Canada Gazette*, in Dec. 1997, June 2000, and Sept. 2004 respectively. The June 2000 and September 2004 Amendments did not trigger the *User Fee Act*. The Canadian Aviation Regulation Advisory Committee (CARAC) was consulted in December 2006 to seek agreement on the consultation methodology in the future which was agreed to. Stakeholders' feedback now sought through the Civil Aviation Issues Reporting System (CAIRS).
Marine Safety - Fees for inspections, surveys, services, etc.	http://www.tc.gc.ca/marinesafety/service-standards/menu.htm	Progress is being made and some performance results based on temporary manual tracking will likely be available for 2007-08 DPR.	Consultation process completed in May 2006; comments received were favourable; no written comments received.
Marine Safety - Office of Boating Safety - Construction Standard Compliance Labels	http://www.tc.gc.ca/marinesafety/service-standards/fees.htm#OBS_Compliance_Labels	Progress is being made and some performance results based on temporary manual tracking will likely be available for 2007-08 DPR.	Consultation process completed in May 2006; comments received were favourable; no written comments received.
Marine Safety - Ship Radio Inspection program	http://www.tc.gc.ca/marinesafety/service-standards/menu.htm	Progress is being made and some performance results based on temporary manual tracking will likely be available for 2007-08 DPR.	Consultation process completed in May 2006; Comments received were favourable; no written comments received.
Airports – Air Services Charges Regulations (ASCR) fees: General Terminal Fees, Landing Fees, Aircraft Parking Charges, Emergency response services charges.	http://www.tc.gc.ca/programs/airports/standards.htm	http://www.tc.gc.ca/programs/airports/standards.htm	Stakeholder feedback was managed through existing channels at the various sites during Jan/Feb 2006. Stakeholder relationships are important and valued. Stakeholders were also consulted through Transport Canada websites. There are no outstanding issues for stakeholders.

Table 7-B: 2006-07 External Fee Reporting: Policy on Service Standards for External Fees *(continued...)*

A. External Fee	Service Standard[1]	Performance Result[1]	Stakeholder Consultation
Airports - Annual Registration of Mobile Equipment used at Airports	http://www.tc.gc.ca/programs/airports/standards.htm	http://www.tc.gc.ca/programs/airports/standards.htm	Stakeholder feedback was managed through existing channels at the various sites during Jan/Feb 2006. Stakeholder relationships are important and valued. Stakeholders were also consulted through Transport Canada websites. There are no outstanding issues for stakeholders.
Airports - Vehicle Parking Charges	http://www.tc.gc.ca/programs/airports/standards.htm	http://www.tc.gc.ca/programs/airports/standards.htm	Stakeholder feedback was managed through existing channels at the various sites during Jan/Feb 2006. Stakeholder relationships are important and valued. Stakeholders were also consulted through Transport Canada websites. There are no outstanding issues for stakeholders.
Ports - Public Port Revenues: Utility Charges, Wharfage, Berthage, Storage and Harbour Dues	http://www.tc.gc.ca/programs/ports/standards.htm	http://www.tc.gc.ca/programs/ports/standards.htm	Letters to the industry were mailed out on January 27, 2006 with a 30 day comment period until February 28, 2006. Stakeholder feedback was managed through existing channels. Stakeholder relationships are important and valued. There are no outstanding issues for stakeholders
Permits for Vehicles used for the Transportation of Explosives[3]	95 per cent of the time, will deliver: a) a decision accepting or rejecting a complete new factory application within 60 days after receipt, and b) a decision accepting or rejecting any other type of complete application within 30 days after receipt.	service standard met 100 per cent of time service standard met 100 per cent of time	Consultations with stakeholders were successfully undertaken by Natural Resources Canada (NRCan) in 1993
Access to Information Requests – Fees[4]	Service standards are in the *Access to Information Act*, Section 7: http://laws.justice.gc.ca/en/showdoc/cs/A-1/bo-ga:s_4-gb:s_6//en#anchorbo-ga:s_4-gb:s_6	Statutory deadlines have been met for 82 per cent of requests. 100 per cent of extension notices were sent within 30 days following the receipt of the request. 100 per cent of transfer notices were sent within 15 days.	The service standard is established by the *Access to Information Act* and the Access to Information Regulations. Consultations with stakeholders were undertaken for amendments done in 1986 and 1992.

B. Other Information[5]:

In addition to complaint mechanism included in various Acts and Regulations (eg Access to Information and Privacy requests http://laws.justice.gc.ca/en/showdoc/cs/A-1/bo-ga:s_30//en#anchorbo-ga:s_30), several complaint mechanisms have been developed and implemented for service standards related to user fees at public ports http://www.tc.gc.ca/Programs/Ports/standards.htm and Transport Canada operated airports http://www.tc.gc.ca/programs/airports/standards.htm , for the Canadian Aviation Regulations (Civil Aviation Issues Reporting System (CAIRS) http://www.tc.gc.ca/civilaviation/managementservices/qa/cairs.htm . A complaint mechanism policy "Handling of Complaints Related to Marine Safety user Fees and Applicable Service Standards" is now available on the web at: http://www.tc.gc.ca/marinesafety/service-standards/handling-complaints.htm

The Internet links in this report may change following publication, since the various websites are updated regularly.

Notes:

1. As established pursuant to the Policy on Service Standards for External Fees:
    - service standards may not have received parliamentary review; and
    - service standards may not respect all performance standard establishment requirements under the User Fees Act (UFA) (e.g. international comparison; independent complaint address).
    - Performance results are not legally subject to section 5.1 of the UFA regarding fee reductions for unachieved performance.

2. Aviation Safety - Regulatory Fees: Revision to standards, performance measurement is ongoing with the National Working Group on Services Standards.

   A Pilot Project is currently in place in the Ontario Region to introduce ccmMercury as a possible tool to electronically manage, track and improve Civil Aviation's administrative and program related work processes. This project includes the development of methods and mechanisms to measure and report on service level performance including in those areas where regulatory fees are charged. Prototype testing is in place since April 2007 and will be finalized in Fall 2007. Recommendations will be made to Transport Canada Civil Aviation (TCCA) Authority for regional and national deployment.

3. Permits for vehicles used for the Transportation of Explosives: Natural Resources Canada has entered into an agreement with Transport Canada for the issuance of these permits. Amendments to the Transportation of Dangerous Goods Regulations, which will abolish this permit program, are forecast to come into effect in early 2008.

4. Access to Information Requests - Fees: The *Access to Information Act* has provisions to waive fees.

5. Main achievement in improving service - In 2006 and 2007, Transport Canada in its commitment to provide quality services and client satisfaction, has also implemented dispute mechanisms that apply to services, use of facilities and provision of goods for which user fees are charged. This initiative ensures that stakeholders' concerns & complaints are handled immediately and redress mechanisms undertaken as appropriate. Internet web site links to various dispute mechanisms are identified under "Other Information" in the two Tables for User fee (Table 7-A) and External Fee reporting (Table 7-B).

Table 8: Progress Against the Department's Regulatory Plan

Supplementary information on the Progress Against the Department's Regulatory Plan can be found at: http://www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

Table 9: Details on Transfer Payments Programs (TPPs)

In 2006-07, Transport Canada administered the following transfer payment programs (TPP) in excess of $5 million:

1. Grant to Province of British Columbia in respect of the provision of ferry and coastal freight and passenger services
2. Payments in support of crossing improvements approved under the *Railway Safety Act*
3. Marine Security Contribution Program
4. Contribution for ferry and coastal passenger and freight services
5. Strategic Highway Infrastructure Program:
    - Highway component
    - Border Crossing Transportation Initiative
    - Transportation Planning and Modal Integration initiative
    - Intelligent Transportation System Component
6. Outaouais Road Development Agreement
7. Contribution in support of the divestiture of the non-National Airport System airports
8. Airports Capital Assistance Program
9. Contribution Program for operating, capital and start-up funding requirement for Regional and Remote Passenger Rail Services
10. Northumberland Strait Crossing subsidy payment under the *Northumberland Strait Crossing Act* (Statutory)
11. Urban Transportation Showcase Program
12. Climate Change: Emission Reduction Package – non-roads freight initiatives
13. Payment to the Canadian Wheat Board for the acquisition and leasing of hopper cars of the transportation of grain in Western Canada
14. Port Divestiture Fund

Supplementary information on transfer payment programs can be found at: http://www.tbs-sct.gc.ca/est-pre/estime.asp.

Table 10: Horizontal Initiatives

In 2006-07, Transport Canada was involved in the following horizontal initiatives as either the lead or as a partner:

1. Asia-Pacific Gateway and Corridor Initiative (lead)
2. Marine Security (lead)
3. Canada Strategic Infrastructure Fund (partner)
4. Border Infrastructure Fund (partner)
5. Mackenzie Gas Project and induced oil and gas exploration and development activities in the Northwest Territories (partner)

Note:

The Asia-Pacific Gateway and Corridor Initiative was not listed in the Report on Plans and Priorities 2006-07 as a horizontal initiative. Based on criteria identified in the Guide to the Preparation of Part III of the 2006-07 Estimates from the Treasury Board Secretariat, it was determined that inclusion in the 2006-07 Departmental Performance Report is appropriate.

Supplementary information on horizontal initiatives can be found at http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp.

Table 11: Financial Statements of Transport Canada (Unaudited)

Financial Statements of

TRANSPORT CANADA

(Unaudited)

For the year ended March 31, 2007

TRANSPORT CANADA

STATEMENT OF MANAGEMENT RESPONSIBILITY

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the department's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act,* are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

The financial statements of the department have not been audited.

L. Ranger

Louis Ranger,
Deputy Minister
Ottawa, Canada

August 10th, 2007

André Morency,
Senior Financial Officer
Ottawa, Canada

August 10th, 2007

TRANSPORT CANADA

Statement of Operations
(Unaudited)

For the Year Ended March 31

	2007	2006 *(restated)*
	($ thousands)	
Expenses (Note 6):		
Infrastructure	$ 649,489	$ 867,872
Safe and secure transportation	621,649	575,412
Sustainable development	99,983	41,808
Ship-Source Oil Pollution Fund and other programs (Note 17)	1,152	638
Total expenses	1,372,273	1,485,730
Revenues (Note 7):		
Infrastructure	352,726	368,956
Safe and secure transportation	66,327	55,144
Sustainable development	744	68
Ship-Source Oil Pollution Fund and other programs (Note 17)	14,108	12,360
Total revenues	433,905	436,528
Net cost of operations	**$ 938,368**	**$ 1,049,202**

The accompanying notes form an integral part of these financial statements

TRANSPORT CANADA

Statement of Financial Position
(Unaudited)

For the Year Ended March 31

	2007	2006 *(restated)*
	($ thousands)	
Assets:		
Financial assets:		
Accounts receivable and advances (Note 8)	$ 33,683	$ 34,196
Loans receivable (Note 9)	11,316	10,771
Rent receivable (Note 10)	64,073	70,928
Investments (Note 11)	52,792	10,300
Total financial assets	161,864	126,195
Non-Financial assets:		
Prepaid expenses	1,419	1,684
Inventory	53,854	56,945
Tangible capital assets (Note 12)	3,063,410	3,234,944
Total non-financial assets	3,118,683	3,293,573
Total	**$ 3,280,547**	**$ 3,419,768**
Liabilities and Equity of Canada		
Liabilities:		
Accounts payable and accrued liabilities (Note 13)	$ 691,222	$ 689,805
Vacation pay and compensatory leave	29,372	27,596
Employee severance benefits (Note 14)	79,432	73,716
Deferred revenue	3,664	3,449
Lease obligations for tangible capital assets (Note 15)	668,565	682,660
Environmental liabilities (Note 16)	186,815	149,670
Total liabilities	1,659,070	1,626,896
Equity of Canada (Note 17)	1,621,477	1,792,872
Total	**$ 3,280,547**	**$ 3,419,768**

Contingent liabilities (Note 16)
Contractual obligations (Note 18)

The accompanying notes form an integral part of these financial statements.

TRANSPORT CANADA

Statement of Equity of Canada
(Unaudited)

For the Year Ended March 31

	2007	2006 *(restated)*
	($ thousands)	
Equity of Canada, beginning of year	$ 1,792,872	$ 2,245,638
Net cost of operations	(938,368)	(1,049,202)
Current year appropriations used (Note 5a)	701,655	874,877
Revenues not available for spending	(66,369)	(58,007)
Refund of previous years' expenses	(425)	(8,766)
Change in net position of the Consolidated Revenue Fund (Note 5c)	63,581	(271,386)
Services provided without charge by other departments (Note 19)	68,531	59,718
Equity of Canada, end of year	**$ 1,621,477**	**$ 1,792,872**

The accompanying notes form an integral part of these financial statements.

TRANSPORT CANADA

Statement of Cash Flows
(Unaudited)

For the Year Ended March 31

	2007	2006 *(restated)*
	($ thousands)	
Operating activities:		
Net cost of operations	$ 938,368	$ 1,049,202
Adjustment for items not affecting cash:		
Non-cash items:		
Amortization of tangible capital assets	(182,113)	(180,644)
Services provided without charge by other departments (Note 19)	(68,531)	(59,718)
Loss on disposals and write-downs of tangible capital assets	(72,023)	(53,072)
Allowance for environmental and contingent liabilities	49,326	20,326
Provision for valuation of loans and investments	-	(20,603)
Prior years' work-in-progress expensed	(3,630)	(9,045)
Employee severance benefits	(5,717)	(9,011)
Other	12,377	(1,396)
Variations in Statement of Financial Position:		
Decrease (increase) in liabilities	(89,878)	(272,646)
Increase (decrease) in financial assets	35,669	6,479
Increase (decrease) in inventory and prepaid expenses	(3,356)	(7,050)
Cash used by operating activities	610,492	462,822
Capital investment activities:		
Principal repayment of tangible capital leases	14,095	13,481
Acquisitions of tangible capital assets	89,804	66,437
Transfer of tangible capital assets with no monetary impact	(8,747)	-
Proceeds from disposal of tangible capital assets	(7,202)	(6,022)
Cash used by capital investment activities	87,950	73,896
Financing activities:		
Net cash provided by Government of Canada	**$ (698,442)**	**$ (536,718)**

The accompanying notes form an integral part of these financial statements.

1. Authority and objectives:

Transport Canada is a department of the Government of Canada named in Schedule 1 of the *Financial Administration Act* and reports to Parliament through the Minister of Transport, Infrastructure and Communities.

Transport Canada is responsible for the transportation policies, programs and goals set by the Government of Canada, which are supported through the following departmental programs:

- Infrastructure: Contributes to Canada's international competitiveness, productivity, and overall quality of life in urban, rural or remote areas through strategic investments in areas that directly support federal priorities, improving governance of transportation infrastructure providers, divestiture of federal assets to parties that are better placed to manage them, continued support to federally-dependent facilities and landlord of substantial land assets.
- Safe and secure transportation: Promotes the safety of Canada's transportation system consisting of the air, marine, rail, and road modes of transportation through policy development, rule-making, monitoring and enforcement and outreach activities to ensure the protection of people from accidents and exposure to dangerous goods, enable the efficient flow of people and goods, and protect the environment from pollution.
- Sustainable development: Develops and implements programs and policies in support of sustainable development to protect the natural environment and to achieve a more sustainable transportation system in Canada.

Transport Canada delivers its programs and services under numerous legislative and constitutional authorities including the *Department of Transport Act, Canada Transportation Act, Aeronautics Act, Canada Marine Act, Canada Shipping Act, Navigable Waters Protection Act, Railway Safety Act, Transportation of Dangerous Goods Act, Motor Vehicle Safety Act, Canadian Air Transport Security Authority Act* and *Marine Transportation Security Act.*

2. Summary of significant accounting policies:

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations – Transport Canada is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

2. Summary of significant accounting policies (cont'd):

(b) Net Cash Provided by Government – Transport Canada operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by the department are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) Revenues:

- Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.
- Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.
- Revenues that have been received but not yet earned are recorded as deferred revenues.

(e) Expenses – These are recorded when the underlying transaction or expense occurred subject to the following:

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants, which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements.
- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement.
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans, worker's compensation, and legal services are recorded as operating expenses at their estimated cost.

2. Summary of significant accounting policies (cont'd):

(f) Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The department's contributions to the plan are charged to expenses in the year incurred and represent the total departmental obligation to the plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the plan.
- Severance benefits: Employees are entitled to severance benefits, as provided for under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts receivables from external parties are stated at amounts expected to be ultimately realized; a provision is made for external receivables where recovery is considered uncertain.

(h) Loans receivable are recorded at cost. They are written down to their net present value to reflect concessionary terms using market rates at the time of the loans. Loan discounts are amortized over the term of the loans. A provision is made for loans where recovery is considered uncertain.

(i) Investments in Crown corporations are recorded at cost. If there is a permanent impairment in value, an allowance is recorded to reduce the carrying value of the investment to a nominal amount.

(j) Contingent liabilities – Contingent liabilities are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statement.

(k) Environmental liabilities – Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when the department becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of the department's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the financial statements.

2. Summary of significant accounting policies (cont'd):

(l) Inventories – Inventories consist of spare parts, material, supplies and publications held by the Department. Inventories, other than serialized inventory items or rotable parts, are valued at average cost. Serialized inventory items and rotable parts are valued on a specific cost basis. A *serialized inventory item* is consumable inventory, which has a serial number and is required to be tracked for airworthiness purposes. A *rotable part* is a part that is not fully consumed during use and where part or all of the economic value is restored through refurbishment after use. Rotable parts are returned to stock for future consumption after refurbishment. Inventories with no further service potential, are valued at the lower of cost or net realizable value.

(m) Foreign currency transactions – Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect on March 31, 2007. Losses resulting from foreign currency transactions are included in miscellaneous expenses on the statement of operations.

(n) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the assets as follows:

Asset type	Amortization period
Confederation Bridge:	100 years
Buildings and works:	
Buildings	20 to 40 years
Works and Infrastructure	10 to 40 years
Machinery and equipment:	
Machinery and equipment	5 to 20 years
Informatics hardware	3 to 5 years
Informatics software	3 years
Vehicles:	
Ships and boats	10 to 20 years
Aircraft	6 to 20 years
Motor vehicles	6 to 35 years
Leasehold improvements	According to the lease terms
Leased tangible capital assets:	
Leased material and equipment	According to the useful life of the asset if a bargain purchase offer exists or over the term of the lease

2. Summary of significant accounting policies (cont'd):

(o) Measurement uncertainty — The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, environmental liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Change in accounting policy

During the period, Transport Canada has adopted a change in accounting policy regarding capital assets to more accurately reflect the economic value of these assets in the department's financial records. These changes were applied retroactively with restatement of prior periods.

Aircraft rotable parts with a historical cost of $10,000 or more and a useful life extending over one year have been reclassified from inventory to capital assets. Any betterments to the aircraft rotable parts which had previously been expensed as repairs and maintenance have also been reclassified as capital assets.

The impact of these changes on the previously reported 2005-06 closing balances is presented in table below:

($ thousands)	As previously stated	Effect of the adjustment	Revised amount
Statement of Operations			
Safe and secure transportation	574,181	1,231	575,412
Total expenses	1,484,499	1,231	1,485,730
Net cost of operations	1,047,971	1,231	1,049,202
Statement of Financial Position			
Tangible capital assets	3,197,905	37,039	3,234,944
Inventory	97,830	(40,885)	56,945
Total of non-financial assets	3,297,419	(3,846)	3,293,573
Total assets	3,423,614	(3,846)	3,419,768
Equity of Canada	1,796,718	(3,846)	1,792,872
Statement of Equity of Canada			
Equity of Canada, beginning of year	2,248,253	(2,615)	2,245,638
Net cost of operations	(1,047,971)	(1,231)	(1,049,202)
Equity of Canada, end of year	1,796,718	(3,846)	1,792,872

4. Change in accounting estimates

Effective February 2007, Transport Canada has re-evaluated the estimated useful lives of it's aircrafts and it's aircraft engines. The useful life of the aircraft and aircraft engines now range from 6-20 years, previously 15 years, based on management experience and changes in technologies. As a result of this change in estimated useful life, amortization expense included in the statement of operations has increased by $ 824,306.

5. Parliamentary appropriations

Transport Canada receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the department has different net results of operations for the year on a government-funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used:

	2007	2006
	($ thousands)	
Net cost of operations	**$ 938,368**	**$ 1,049,202**
Adjustments for items affecting net cost of operations but not affecting appropriations		
Add (Less):		
Revenues not available for spending	66,369	58,007
Refunds of previous years' expenses	425	8,766
Amortization of tangible capital assets	(182,113)	(180,644)
Variation in vacation pay and compensatory leave	(1,776)	(3,037)
Loss on disposals and write-downs of tangible capital assets	(72,023)	(53,072)
Other	12,377	(1,396)
Provision for valuation of loans and investments	-	(20,603)
Allowance for environmental and contingent liabilities	49,326	20,326
Prior years' work-in-progress expensed	(3,630)	(9,045)
Employee severance benefits	(5,717)	(9,011)
Justice Canada legal fees	(6,455)	(5,167)
Services provided without charge by other government departments	(68,531)	(59,718)
	(211,748)	(254,594)

5. Parliamentary appropriations (cont'd)

(a) Reconciliation of net cost of operations to current year appropriations used (cont'd):

Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Less):		
Variation in prepaid expenses	(265)	(821)
Acquisitions of tangible capital assets	89,804	66,437
Transfer of tangible capital assets with no monetary impact	(8,747)	-
Decrease in inventory	(3,091)	(6,229)
Payments of capital lease	14,095	13,481
Other	(116,761)	7,401
	(24,965)	80,269
Current year parliamentary appropriations used	**$ 701,655**	**$ 874,877**

(b) Appropriations provided and used:

	2007	2006
	($ thousands)	
Appropriations provided		
Vote 01 – Operating expenditures	$ 301,080	$ 291,871
Vote 05 – Capital expenditures	79,124	74,790
Vote 10 – Transfer payments	297,173	429,626
Statutory amounts	146,853	152,651
Less:		
Appropriations available for future years	(1,369)	(963)
Lapsed appropriations: Operating	(121,206)	(73,098)
Current year appropriations used	$ 701,655	$ 874,877

5. Parliamentary appropriations (cont'd)

(c) Reconciliation of net cash provided by Government to current year appropriations used:

	2007	2006 ($ thousands)
Net cash provided by Government	**$ 698,442**	**$ 536,718**
Revenues not available for spending	**66,369**	**58,007**
Refund of previous years' expenses	**425**	**8,766**
Change in net position in the Consolidated Revenue Fund:		
Justice Canada legal fees	(6,455)	(5,167)
Variation in financial assets	(35,669)	(6,479)
Variation in liabilities	88,102	269,609
Proceeds of disposal	7,202	6,022
Other adjustments	(116,761)	7,401
	(63,581)	**271,386**
Current year appropriations used	**$ 701,655**	**$ 874,877**

6. Expenses

The following table presents details of expenses by category:

	2007	2006 ($ thousands)
Other levels of governments within Canada	$ 165,452	$ 231,550
Non-profit organizations	38,183	136,678
Industry	46,282	66,215
Individuals	741	798
Other countries and international organizations	130	-
Total transfer payments	$ 250,788	$ 435,241

6. Expenses (cont'd)

Salaries and employee benefits	$ 486,951	$ 471,038
Amortization of tangible capital assets	182,113	180,644
Professional and special services	192,938	107,577
Net loss on disposal of tangible capital assets	60,315	52,549
Interest on capital lease	40,161	40,170
Travel and relocation	35,932	33,895
Equipment repair and maintenance	36,362	46,509
Accommodation (Note 19)	25,560	23,693
Utilities, materials and supplies	19,808	26,605
Telecommunications	7,470	7,373
Payments in lieu of taxes	6,958	6,833
Information services – communications	9,244	5,698
Rentals	5,227	4,528
Damage and other claims against the Crown	1,427	38,394
Postage	3,584	3,498
Miscellaneous	6,283	847
Pollution control (Note 17)	1,152	638
Total operating expenses	1,121,485	1,050,489
Total expenses	$ 1,372,273	$ 1,485,730

7. Revenues

The following table presents details of revenues by category:

	2007	2006 ($ thousands)
Sales of goods and services:		
Airport rent	$ 295,181	$ 295,941
Monitoring and enforcement revenues	36,010	39,934
Rentals and concessions	26,788	35,415
Aircraft maintenance and flying services	34,369	29,722
Transport facilities user fees	14,155	16,031
Miscellaneous	11,155	4,570
Research and development	1,497	1,757
Interest	642	798
Pollution control revenues (Note 17)	14,108	12,360
Total revenues	$ 433,905	$ 436,528

8. Accounts receivable and advances

The following table presents details of accounts receivable and advances:

	2007	2006
	($ thousands)	
Accounts receivable from other government departments	$ 17,602	$ 13,709
Accounts receivable from external parties	25,440	28,982
Advances to employees	335	399
Less: allowance for doubtful accounts on external accounts receivable	(9,694)	(8,894)
Total accounts receivable and advances	$ 33,683	$ 34,196

9. Loans receivable

	2007	2006
	($ thousands)	
St. John Harbour Bridge Authority	$ 22,647	$ 22,647
Canadian Airport Authorities	24,330	24,330
Victoria Harbour	2,451	2,536
St. Lawrence Seaway Management Corporation	168	179
Less:		
Allowances on loans	(20,604)	(20,604)
Discounts on loans	(17,676)	(18,317)
Total Loans	$ 11,316	$ 10,771

(i) Saint John Harbour Bridge Authority:

The loan receivable from the Saint John Harbour Bridge Authority consists of consolidated non-interest bearing advances made in connection with the financing, construction and operation of a toll bridge across the harbour of Saint John, New Brunswick. Additional non-interest bearing advances may be made in years when the operating and financing costs of the toll bridge exceeds its revenues. Where the revenue for the year exceeds the operating and financing costs, the Saint John Harbour Bridge Authority will remit the excess funds to Transport Canada on an annual basis to repay the debt. A discount of $13,478,000 has been recorded to reflect the concessionary nature of the loan.

9. Loans receivable (cont'd)

(ii) Canadian Airport Authorities:

Loans totalling $24,330,000 to Canadian Airport Authorities relate to the transfer of chattels and consumable stock to individual authorities upon transfer of the management, operation and maintenance responsibilities to the authority under the National Airports Policy. The loans receivable portfolio consists of 13 non-interest bearing loans to Canadian Airport Authorities issued in the years from 1997 to 2003, with prescribed annual repayment terms. The loans are recorded at their discounted net present values using market interest rates at the time of the loans. On May 9, 2005 the Government of Canada announced it would adopt a new rent relief policy for federally owned airports and in addition to the rent reductions, the government announced it would forgive outstanding chattels payments. As a result, an allowance for the full amount of the chattel loans was recorded.

(iii) Victoria Harbour:

The Victoria Harbour long-term receivable relates to the sale of a parcel of Victoria Harbour land for $2,578,469. The receivable has prescribed annual repayment terms and is recorded at its discounted net present value of $1,423,000 using the market interest rate at the time of sale. A payment of $85,440 was received in fiscal year 2006-07 ($42,720 in 2005-06).

(iv) St-Lawrence Seaway Management Corporation:

The St-Lawrence Seaway Management Corporation loan portfolio account was established by subsection 80(1) of the *Canada Marine Act*. The loan portfolio is managed in accordance with an agreement between Transport Canada and the St-Lawrence Seaway Management Corporation. The loan has prescribed monthly repayment terms with an annual interest rate of 7 per cent. The loan is secured by title on the property and partial discharge on the individual lots may be granted in the amount of $6,000. To date, three of the four loans have made full discharge. The mortgagor is in negotiations with Transport Canada and Justice Canada with respect to the remaining loan, which was repayable March 2004.

10. Rent receivable:

The National Airport System (NAS) consists of 25 Canadian airports considered essential to air transportation in Canada, including 3 airports owned by Territorial Governments. Transport Canada has leased all of these airports under long-term operating agreements with Canadian Airport Authorities (21) and a municipal government (1).

In fiscal year 2003-04, Transport Canada entered into lease amendments with nine of the Canadian Airport Authorities, which provided for deferral of a portion of the airport rent payable by the Airport Authorities to Transport Canada for the 2003 to 2005 lease years. The total rent deferred for 2003 to 2005 is payable to Transport Canada over ten years beginning in the 2006 lease year. Repayments of $6,855,098 were received in fiscal year 2006-07 ($1,832,000 in 2005-06). Rent receivable was $64,072,699 at March 31, 2007 ($70,927,797 at March 31, 2006).

11. Investments

	2007	2006
	($ thousands)	
Royal Canadian Mint	$ 40,000	$ -
Via Rail Canada Inc.	9,300	9,300
Downsview Park	2,492	-
Ridley Terminals Inc.	90,000	90,000
Less: Allowance for valuation	(89,000)	(89,000)
Total Investments	$ 52,792	$ 10,300

(i) Royal Canadian Mint:

As a result of Government restructuring, the Royal Canadian Mint was transferred from the Canada Revenue Agency to Transport Canada. The investment of $40,000,000 is divided into four thousand shares of ten thousand dollars each.

(ii) Via Rail Canada Inc:

In fiscal year 1979-80, non-budgetary authority was granted to purchase common shares of Via Rail Canada Inc. to be valued at $100 per share for a total value of $9,300,000.

(iii) Downsview Park Inc:

Investment in Parc Downsview Park Inc. for the purpose of allowing the completion of the transfer of lands from National Defence to Parc Downsview Park Inc.

(iv) Ridley Terminals Inc:

On November 1, 2000, the shares of Ridley Terminals Inc. owned by Canada Ports Corporation were transferred to the Crown under the administration of Transport Canada. Due to concerns regarding the viability of Ridley Terminals Inc., for prior years, the investment in Ridley Terminals has been written-down to a nominal value in Transport Canada's financial statements.

12. Tangible capital assets:

($ thousands)	Cost				Accumulated Amortization				2007 Net book value	2006 Net book value
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance		
Land [1]	$ 198,586	$ 8,747	$ 9,333	$ 198,000	$ -	$ -	$ -	$ -	$ 198,000	$ 198,586
Buildings and works [2]	4,034,937	6,655	163,706	3,877,886	2,149,455	122,192	99,865	2,171,782	1,706,104	1,885,482
Machinery and equipment [3]	181,401	820	2,041	180,180	97,495	17,357	2,052	112,800	67,380	83,906
Vehicles	797,014	18,864	30,974	784,904	554,295	33,042	27,555	559,782	225,122	242,719
Leasehold improvements	13,635	531	-	14,166	5,346	1,334	-	6,680	7,486	8,289
Work-in-progress	69,471	54,187	2,643	121,015	-	-	-	-	121,015	69,471
Confederation Bridge	818,820	-	-	818,820	72,329	8,188	-	80,517	738,303	746,491
TOTAL	**$ 6,113,864**	**$ 89,804**	**$ 208,697**	**$ 5,994,971**	**$ 2,878,920**	**$ 182,113**	**$ 129,472**	**$ 2,931,561**	**$ 3,063,410**	**$ 3,234,944**

Amortization expense for the year ended March 31, 2007, is $182,113 (2006 - $180,644).

[1] Includes land for 22 National Airports with a net book value of $131,743 (2006 - $131,743).

[2] Includes building and works for 22 National Airports with a net book value of $941,913 (2006 - $1,088,739).

[3] Includes machinery and equipment for 22 National Airports with a net book value of $294 (2006 - $317).

12. (a) National Airport System assets (cont'd)

The National Airport System assets (NAS) recorded above consist of the land, buildings, works and infrastructures of 22 Canadian airports.

Transport Canada has leased all of these airports under long-term operating agreements with Canadian Airport Authorities (21) and a municipal government (1). These agreements are in accordance with the federal *National Airports Policy, the Public Accountability Principles for Canadian Airport Authorities and the Fundamental Principles for the Creation and Operations of Canadian Airport Authorities*, which, in part, entails the transfer of the management, operations and maintenance of certain airports in Canada to Canadian Airport Authorities.

Transport Canada has the right to terminate the operating agreements and assume the responsibility for the management, operation and maintenance of the airport if the leased airports are not operated in accordance with the terms of the respective operating agreements and the *Policies and Principles* referred to above.

13. Accounts payable and accrued liabilities

	2007	2006
	($ thousands)	
Payables to third parties	$ 563,706	$ 566,566
Payables to other government departments	60,231	69,041
Accrued salaries	17,200	15,589
Other accounts payable and accrued liabilities	50,085	38,609
Total accounts payable and accrued liabilities	$ 691,222	$ 689,805

14. Employee Benefits

(a) Pension benefits: The department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of two percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the plan. The 2006-07 expense amounts to 57,385,000 ($58,770,000 in 2005-06), which represents approximately 2.2 times (2.6 times in 2005-06) the contributions by employees.

14. Employee Benefits (cont'd)

The department's responsibility with regard to the plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the plan's sponsor.

(b) Employee severance benefits: The department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2007	2006 ($ thousands)
Accrued benefit obligation, beginning of year	$ 73,716	$ 64,705
Expense for the year	13,080	14,435
Benefits paid during the year	(7,364)	(5,424)
Accrued benefit obligation, end of year	$ 79,432	$ 73,716

15. Lease obligations for tangible capital assets

Under the *Northumberland Strait Crossing Act,* the Government of Canada entered into a long-term capital lease arrangement in 1992 and is obligated to pay an annual subsidy of $41,900,000 to the Strait Crossing Finance Inc., a wholly owned corporation of the Province of New Brunswick, for the construction of the Confederation Bridge. The annual payments made by Transport Canada are due on April 1 and will be used to retire $661,000,000 of 4.5 per cent real rate bonds issued in October 1993 by Strait Crossing Finance Inc. to finance the construction of the bridge. Annual payments made by Transport Canada began in 1997 and will continue until 2033. At such time, the ownership of the bridge will be transferred to the Government of Canada.

On April 1, 2006, an annual payment in the amount of $ 54,265,000 (2006 - $52,790,000) was made. This payment represents payment of principal in the amount of $ 14,095,000 (2006 – 13,480,721) and interest expense of $ 40,170,000 (2006 - $39,309,279).

The department has recorded a capital lease obligation of $ 668,565,000 as of March 31, 2007 (682,660,000 at March 31, 2006), based on the present value for the future subsidy payments using an interest rate of 6.06265 per cent (2006 – 6.1605 per cent).

15. Lease obligations for tangible capital assets (cont'd):

Future minimum annual lease payments are as follows:

Maturing year	2007	2006
		($ thousands)
2006-2007	$ -	$ 54,265
2007-2008	54,897	52,558
2008-2009	53,352	53,352
2009-2010	54,158	54,158
2010-2011	54,976	54,976
2011-2012	55,807	1,379,736
2012-2013 and thereafter	1,323,929	-
Total future minimum lease payments	1,597,119	1,649,045
Less: imputed interest	928,554	966,385
Balance of obligations under leased tangible capital assets	$ 668,565	$ 682,660

16. Contingent liabilities

(a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where Transport Canada is obligated or likely to be obligated to incur such costs. The department has identified approximately 568 sites (571 sites in 2006) where such action is possible and for which a liability of $186,814,790 ($149,670,000 in 2006) has been recorded. The department has estimated additional clean-up costs of $139,108,000 ($154,427,000 in 2006) that are not accrued, as these are not considered likely to be incurred at this time. Transport Canada's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by the department in the year in which they become known.

16. Contingent liabilities (cont'd)

(b) Claims and litigation

Claims have been made against Transport Canada in the normal course of operations. Legal proceedings for claims totalling approximately $40,411,500 ($37,500,000 in 2006) were still pending at March 31, 2007. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements.

Transport Canada is named as a defendant in a claim for $330,000,000 filed by the Mohawks of Akwesasne. The action was first initiated in 1976 for unlawful expropriation and breach of fiduciary duty regarding the expropriation of land in the 1950's for the construction of the St Lawrence Seaway and of the Seaway International Bridge. The outcome of this claim is not determinable at this time. No accrual for this contingency has been made in the financial statements.

17. Restricted equity of Canada

The department includes in its revenues and expenses certain transactions that legislation requires be earmarked for expenses relating to a specified purposes. The department has two such accounts:

(a) The Ship-Source Oil Pollution Fund (Fund) was established pursuant to section 702 of the *Canada Shipping Act*, to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the fund administrator, and related oil pollution control expenses, are financed out of the Fund.

	2007	2006
	($ thousands)	
Restricted Ship-source Oil Pollution:		
Balance, April 1, 2006	$ 350,843	$ 339,109
Revenues	14,092	12,316
Expenses	(1,152)	(582)
Balance, March 31, 2007	$ 363,783	$ 350,843

17. Restricted equity of Canada (cont'd)

(b) The Fines for Transport of Dangerous Goods account was established pursuant to the *Transportation of Dangerous Goods Act 1992* and related regulations to record fines levied by courts.

	2007	2006
	($ thousands)	
Restricted - Fines for Transport of Dangerous Goods:		
Balance, April 1, 2006	$ 599	$ 611
Revenues	16	44
Expenses	-	(56)
Balance, March 31, 2007	615	599
Restricted equity of Canada	$ 364,398	$ 351,442

18. Contractual obligations

The nature of Transport Canada's activities results in some large multi-year contracts and obligations whereby the department will be committed to make some future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

($ thousands)	2007-08	2008-09	2009-10	2010-11	2011-12	Thereafter	Total
Transfer payments	$ 298,255	$ 267,655	$ 184,016	$ 186,078	$ 327,853	$ 71,376	$ 1,335,233
Tangible capital assets	12,972	1,076	600	-	-	-	14,648
Other goods and services	15,141	3,103	2,017	-	-	-	20,261
Software maintenance agreements	3,291	-	-	-	-	-	3,291
Operating leases	2,401	610	-	-	-	-	3,011
Other	1,367	-	-	-	-	-	1,367
Total	$ 333,427	$ 272,444	$ 186,633	$ 186,078	$ 327,853	$ 71,376	$ 1,377,811

19. Related party transactions:

Transport Canada is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The department enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, Transport Canada received services, which were obtained without charge from other Government departments as presented below.

Services provided without charge:

During the year Transport Canada received without charge from other departments, accommodation, the employer's contribution to the health and dental insurance plans, worker's compensation, and legal services. These services without charge have been recognized in the department's Statement of Operations as follows:

	2007	2006 ($ thousands)
Accommodation provided by Public Works and Government Services Canada	$ 25,560	$ 23,693
Contributions covering employer's share of employees' insurance premiums and costs paid by Treasury Board Secretariat	30,631	28,879
Worker's compensation cost provided by Human Resources and Skills Development Canada	3,802	4,247
Legal services provided by department of Justice	8,538	2,899
Total	$ 68,531	$ 59,718

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the department 's Statement of Operations.

20. Comparative information:

Comparative figures have been reclassified to conform to the current year's presentation.

Table 12: Response to Parliamentary Committees, Audits and Evaluations for FY 2006-07

Response to Parliamentary Committees

Manufacturing: Moving Forward – Rising to the Challenge Report
The department responded to the Report recommendations 15 through 17.

http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10476&Lang=1&SourceId=211230

Response to the Auditor General including to the Commissioner of the Environment and Sustainable Development (CESD)

May 2006 Auditor General's Report

Chapter 1 – Managing Government – Financial Information
http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20060501ce.html

This audit is part of a series of audits that assessed financial control systems and processes in federal government departments and agencies, and included several departments. In this audit, the OAG assessed the extent to which departments and agencies addressed the key internal financial control weaknesses identified in the OAG's previous audits.

No audit observations or recommendations were made regarding Transport Canada.

2006 Report of the Commissioner of the Environment and Sustainable Development

Chapter 4 – Sustainable Development Strategies
http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20060904ce.html

In this audit, the Commissioner of the Environment and Sustainable Development examined the progress made by federal departments and agencies toward meeting selected commitments made in their sustainable development strategies. This audit included a number of federal government departments and agencies.

No audit recommendations were directed at Transport Canada.

Chapter 8 – Environmental Petitions
http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20050908ce.html

The objective of this audit was to inform Parliament and Canadians on the use of the petitions process and the Commissioner's monitoring of commitments and statements made in response to specific petitions. This audit included a number of federal government departments and agencies.

No audit recommendations were directed at Transport Canada.

Table 12: Response to Parliamentary Committees, Audits and Evaluations for FY 2006-07 *(continued)*

External Audits by the Public Service Commission or the Office of the Commissioner of the Official Languages or the Official Languages Branch of the Public Service Human Resources Management Agency).

Public Service Commission

Audit of Acting EX Appointments – October 2006
http://www.psc-cfp.gc.ca/audit-verif/reports/2006/acting/index_e.htm

The objectives of this audit were to: (i) determine the extent to which acting EX appointment decisions respected the merit principle of the previous *Public Service Employment Act* (PSEA), related legislation, regulations and policies, and staffing values; and (ii) assess the effectiveness of departmental staffing management frameworks governing acting appointments for periods greater than four months to the EX Group and six months within the EX Group. The audit covered acting EX appointments in fiscal years 2002-03 and 2003-04. Transport Canada was one of several departments included within the audit scope.

The audit noted where Transport Canada complied with the relevant legislation, regulations, and policies under the former *Public Service Employment Act*. In addition, the audit noted that Transport Canada implemented a number of good practices, which were consistent with the objectives and principles of the former legislation. Although no audit recommendations were directed at Transport Canada, the department provided a response and has taken action in some areas to strengthen its documentation processes and meet the new legislative and policy requirements.

Internal Audits

Internal audits approved by Transport Canada's Audit and Review Committee in 2006-07:

- Audit of Inspection Standardization Practices – Transport of Dangerous Goods
- Audit of Inspection Standardization Practices – Marine Safety
- Audit: Rail Safety Inspection Standardization Practices
- Audit of Overtime and Extra-Duty Compensation in Transport Canada
- Audit of Revenue and Recoveries – Follow-Up on the Recurring Pilot Fees – Implementation of Recommendations included in the June 2000 Audit Report
- Audit of Revenue and Recoveries from Other Government Departments (OGDs) – Aircraft Services Component
- Audit of Revenue and Recoveries – Follow-Up on the Implementation of Recommendations – Audit of the Contribution Agreement with the Canadian Wheat Board Governing the Leasing of Grain Hopper Cars July 2001
- Audit of Revenue and Recoveries from Other Government Departments (OGDs) – Registrar of Imported Vehicles Program Component

More information is available at: http://www.tc.gc.ca/corporate-services/audit/menu.htm

Table 12: Response to Parliamentary Committees, Audits and Evaluations for FY 2006-07 *(continued)*

Internal Evaluations
Internal evaluations completed by Departmental Evaluation Services in 2006-07: • Evaluation of Transport Canada's Marine Security Initiatives • Evaluation of the Strategic Highway Improvement Program (SHIP) • Evaluation of Direction 2006 More information is available at http://www.tc.gc.ca/programevaluation/reports/menu.htm

Table 13: Sustainable Development Strategies (SDS)

Department: Transport Canada	
Points to Address	**Departmental Input**
1. What are the key goals, objectives, and/or long-term targets of the SDS?	Transport Canada has structured its Sustainable Development Strategy action plan around seven strategic challenges: 1. Encourage Canadians to make more sustainable transportation choices 2. Enhance innovation and skills development 3. Increase system efficiency and optimize modal choices 4. Enhance efficiency of vehicles, fuels, and fuelling infrastructure 5. Improve performance of carriers and operators 6. Improve decision-making by governments and the transportation sector 7. Improve management of Transport Canada operations and lands. Each strategic challenge is defined within the strategy and the 2007-2009 SDS also includes long-term objectives for each of the challenges.
2. How do your key goals, objectives and/or long-term targets help achieve your department's/agency's strategic outcomes?	Transport Canada's Sustainable Development Strategy is a departmental priority and involves a wide range of partners in an effort to promote a sustainable transportation system for Canada. The development and implementation of the strategy is a department-wide effort and the implementation of commitments and targets serve to contribute to: • A safe and secure transportation system that contributes to Canada's social development and security objectives; • An efficient transportation system that contributes to Canada's economic growth and trade objectives; and, • An environmentally responsible transportation system that contributes to Canada's sustainable development objectives.

Table 13 Sustainable Development Strategies (SDS) *(cont'd)*

Department: Transport Canada	
Points to address	**Departmental Input**
3. What were your targets for the reporting period?	The strategy identifies a total of 173 targets, which are reported on an annual basis. The 2007-2009 strategy includes the following five targets set to be completed by 2006-07: • Studying the costs and benefits of enabling federal employees access to payroll-deducted transit programs across Canada by 2006-07 (Commitment 1.3). • Develop and incorporate sustainable transportation evaluation criteria and performance indicators into new transportation infrastructure programs by 2006-07 (Commitment 3.3). • Completion of shipper modal choice model (development and calibration) by 2006-07 (Commitment 3.5). • In 2006-07, Transport Canada will develop a database of activity, fuel use and greenhouse gas emissions per mode for all modes of transportation. This database will enable the identification of data gaps, and areas for further work to address data gaps (Commitment 6.1). • In the context of the *Canada Transportation Act* amendments, proposed amendments to the data provisions to improve the data gathering quality by 2006-07 (Commitment 6.1). In addition, the 2007-2009 strategy includes targets that are ongoing: • Evaluate the performance of advanced technology vehicles on an annual basis (Commitment 4.1). • Conduct activities to raise public awareness on an annual basis that also allows program information to be disseminated (Commitment 4.1). • Collect, verify and report on fuel consumption of new vehicles, on an annual basis (Commitment 4.2). • Maintenance of the Vehicles Fuel Economy (VFEIS) database, on an ongoing basis (Commitment 4.2). • Work with the Railway Association of Canada and Environment Canada to fully implement the commitments negotiated under the Memorandum of Understanding between 2006-07 and 2009-2010 (Commitment 4.3).

Table 13 Sustainable Development Strategies (SDS) *(cont'd)*

Department: Transport Canada	
Points to address	**Departmental Input**
	• Continue to increase the effectiveness of the National Aerial Surveillance Program (NASP) by increasing the frequency of patrols and expanding surveillance to areas not normally patrolled, such as the Arctic (Commitment 5.2).
4. What is your progress to date?	The 2005-2006 Progress Report indicates that close to 80 per cent of the targets for the 2004-2007 SDS were reported to be either complete/ongoing or on-track. The 2006-07 Progress report is currently being developed. A detailed summary of the SDS Progress Report is compiled each year and posted online at http://www.tc.gc.ca/programs/Environment/SD/menu.htm
5. What adjustments have you made, if any?	In response to recommendations put forth by the Commissioner of the Environment and Sustainable Development, a goal for the 2007-2009 strategy was to streamline the process and focus on a smaller number of issues where Transport Canada can make a difference. The strategy includes less commitments that are more focused. When developing the strategy, the department chose three themes at the heart of sustainable development in order to focus its efforts: urban transportation; commercial freight transportation; and marine transportation. The SDS Fund (Commitment 6.3) has also been created as an internal source of funding which will allocate up to $1-million per year over three years for innovative projects that make significant contributions to sustainable transportation. Approved projects will be considered SDS commitments. In addition, for this fourth round of sustainable development strategies, the federal government has developed a set of six sustainable development goals related to Clean Water, Clean Air, Reducing Greenhouse Gas Emissions, Sustainable Communities, Sustainable Development and Use of Natural Resources, and Governance for Sustainable Development. Many of the commitments within the 2007-2009 strategy serve to support these goals.

Table 14: Procurement and Contracting

Supplementary information on Procurement and Contracting can be found at http://www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

Table 15: Client Centred Service

Supplementary information on Client Centred Service can be found at http://www.tbs-sct.gc.ca/rma/dpr3/06-07/index_e.asp.

Table 16: Travel Policies

Transport Canada follows and uses Treasury Board Secretariat Travel policies.

SECTION IV – OTHER ITEMS OF INTEREST

4.1 Our Offices

TRANSPORT CANADA HEADQUARTERS

Website:
http://www.tc.gc.ca/en/menu.htm

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Fax: 613 954-4731

Library and Research Services Centre:
Telephone: 613 998-5128

TRANSPORT CANADA REGIONAL OFFICES

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Moncton, New Brunswick
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Dorval, Quebec
H4Y 1G7
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Ontario Region
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Toronto, Ontario
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Pacific Region
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